



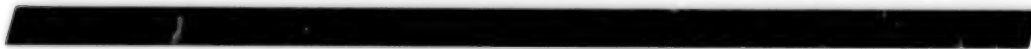
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CENTRAL EURASIA



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Pigment Used Against Radioactive Contamination

94EN0146Y Oslo AFTENPOSTEN in Norwegian
16 Nov 93 p 13

[Article by Kjell Dragnes: "Wild Growth in the Wake of the Accident"]

[Text] Chernobyl/Kiev—"The zone"—it is only spoken of that way by those in the know—that restricted area 30 kilometers in diameter around the power plant, has become a huge testing and research area. Six and one-half years after the explosion and the fire at the nuclear power plant—which began on 26 April 1986—the effects are being observed on people, animals, and plants. For researchers it has become a mecca. Here they hope to find answers to what man-made radioactivity does to the environment and those of us who live with the environment.

It is important to learn this, not just for the Ukrainians, but also for other countries with nuclear power and for countries without nuclear power. Because contamination knows no borders. The zone is uninhabited; 163,000 people were evacuated from the region. But beyond the zone people live. People live in Valdres in Norway, where there are places that are just as contaminated with radioactive materials as the soil and the woods in the vicinity of Chernobyl.

Berlin Blue

The effects of this contamination could have been very great, in economic and health terms, if it had not been for Berlin blue.

"It might sound like boasting, but the fact is that the Norwegian initiative with Berlin blue is almost the only successful research project in Chernobyl, in Ukraine, in Belarus, and, not least of all, here in Norway," said Per Strand, a researcher at the Norwegian Radiation Protection Agency. Since 1990, and together with Brit Salbu and Knut Hove, professors at the University of Trondheim's College of Arts and Sciences [NLH], he has been working with Ukraine, Belarus, and Russia on the fallout from Chernobyl.

The pigment, which was first produced in Berlin in 1704, hence the name, contains a complex iron ion ($\text{FeIIFeII}(\text{Cn})_6$) which has proven effective as a binder for radioactive cesium, Cs137 . The first research on Berlin blue was carried out at the Radium Hospital in the sixties; later a method was developed using Berlin blue as an additive to blocks of salt lick and as a pre-additive. This was done at the Norwegian Agricultural College, which in 1991 tested tablets in Ukraine, Belarus, and Russia—with fairly remarkable results.

Berlin blue works in such a way that radioactive materials are not absorbed into the body or turn up in meat and milk. An absorption reduction of some 90 percent means that large contaminated areas can still be used by people and animals.

How important this is in economic and health terms can be illustrated by the following figures:

In Ukraine, more than 7 million hectares of ground have been contaminated by Cesium 137, so the radioactivity is over 1 curie per square kilometer (calculated another way: 37,000 becquerels per square meter). Today 2.6 million people live in this area. Between 1986 and 1991, Ukraine spent over 15 billion karbovanets to neutralize and reduce the effects of the fallout. Even if inflation is high and Ukraine's currency is still dropping in value, this is nevertheless a very major burden.

In addition, there are huge areas in Belarus, especially around Gomel. And areas in Norway. Norway is in fact the country outside the former Soviet Union that was the most affected, and will continue to be the most affected, by the fallout from Chernobyl. In Valdres, there are many areas where the contamination varies between 1 and 10 curies per square kilometer.

Norway is also especially vulnerable because we use wilderness areas for grazing to such an extent. A survey done by the NHL and the Radiation Protection Agency in Ukraine showed that on land that is farmed, plowed, and fertilized, the absorption of radioactive materials in plants is less. The type of soil is also important; the contamination of organic soil (soil rich in humus) is the worst; radioactive particles are more permanent in clayey soil.

Get By Cheaply

By simply giving Berlin blue to domestic animals, absorption in meat and milk can thus be neutralized. The economic consequences are great. In Belarus alone, they would have to spend between 5 and 10 percent of the gross national product to neutralize the contamination; now they can get by with much less.

We are also doing that. If we had followed the international standards for the absorption of radioactive materials and not used any countermeasures, Norwegian agriculture would have lost between 1 and 2 billion kroner annually. Using Berlin blue, the radiation values are brought way down. Cost: around 100 million kroner.

The Norwegian research applies not just to reductions of absorption in animals. It also includes a project in which the aim is to study the mobility of radioactive materials in relation to the distance from a nuclear power plant where there have been emissions. The goal of this research is to learn more about what Norway could be exposed to if, for example, an accident were to occur at the Russian nuclear power plant on the Kola [Peninsula].

Eight Thousand Dead From Radiation

"We have seen many tears," said Vladimir Kholosha, the deputy minister at the Chernobyl ministry. "Tears because people had to leave their homes, tears because people died from minor illnesses. People's immune

systems were so weakened by radiation that even 'innocuous' diseases have become life-threatening."

Today there is hardly anyone who has an overview of what effect the radiation from Chernobyl has had on public health. Kholosha confirmed that about 8,000 people have died, and that it was due to large doses of radioactivity. In early September, the Ukrainian national assembly, Verhovna Rada, approved a comprehensive program for the next two years and the period between now and the year 2000 to reduce the effects. But money is needed—scads of money—and Ukraine does not have it.

At the same time a major effort is under way, under the aegis, among others, of the UN and the EC, to survey public health conditions. A good six and one-half years after the accident, we are starting to see some of the consequences. In Ukraine and Belarus, infantile thyroid gland cancer has increased dramatically, a survey conducted by the World Health Organization, WHO, showed. Since 1989, 225 new cases have been reported in Belarus, 157 in Ukraine. Normally there would only have been two to three cases.

Ukrainian experts also think they are seeing more deaths from other diseases, among others of the heart, blood vessels, and the circulatory system, but inasmuch as there are so many factors that influence the development of such diseases, at the moment it is too early to suggest any connection. Regardless—the national assembly, Verhovna Rada, certainly stands by what it said when it states that the Chernobyl accident "will be seen as the worst tragedy in 20th century Ukrainian history, and will affect the lives of several generations of people."

Strange Evergreen Forest

The needles on the fir trees do not look like ordinary needles—even if they come from the common fir, *pinus silvestris*. They are in different sizes. Some are long, others are short, some are growing in loops. From every growth point, where normally five branches would grow, here between six and 20 grow. All the same, upon closer inspection, this green forest is not that normal.

"We can see changes in the pattern of growth," said Andrei Arkhipov, one of the researchers at the center in Pripjat. "But it is impossible to see whether there are genetic changes; for that, we have to have several generations of trees. The green forest of firs was sown with seeds from those trees that received the greatest radiation damage in 1986, and turned red."

Arkhipov is the son of Prof. Nikolai Arkhipov, one of Russia's greatest experts on the effects of radioactive contamination. For many years the elder Arkhipov conducted studies of the effects of the once unknown nuclear accident in Kyshtym in the Urals. Now the laboratory has been moved to Chernobyl.

The forest is just one of the research areas. In large greenhouses tests have been made on plants such as rape, lupine, oats, root crops, and vegetables to study the absorption of radioactive materials in the plants—and how this can be neutralized.

"The most effective countermeasure we have found to date is fertilization with potassium, which prevents the absorption of cesium. Applying lime is useful to reduce the absorption of strontium," Arkhipov said. The center has extensively mapped the contaminated area, which shows a spotty pattern. In some places the fallout can be great, just as it can be practically free of radioactive materials. The main goal of this research is to see how agricultural areas can be reused after a nuclear accident.

KKK Discusses Economic Integration Measures for CIS Countries

944E0275A Moscow KOMMERSANT-DAILY
in Russian 16 Nov 93 p 3

[Article by K. Smirnov: "Idea of an Interstate Bank of Cooperation Revived"]

[Text] Results of a session of the Coordination and Consultative Committee of the CIS which took place yesterday once again evidenced the growth of centrifugal tendencies within the Commonwealth. Under Russian pressure the partners returned to following paths laid out through economic integration outside the boundaries of the former USSR. The concrete decisions that were made boil down to submission of draft agreements on cooperation in the investment sphere, cooperation in production, and on direct links, as well as on the conduct of a coordinated anti-monopolistic policy to the heads of states and governments of the CIS countries who are expected to meet in December.

In the economic alliance the fervor induced by forced amalgamation of monetary systems of the ruble zone countries "of the new type" with the Russian one was replaced with the resolution of more mundane problems. According to Aleksandr Shokhin, the Russian vice premier who chaired the session, the matter of paramount importance at present is not consideration of global projects but concrete investments.

The regular change of orientation points in the economic integration, however, is not generating enthusiasm among Russian partners who were counting on utilizing the advantages of their presence within the zone of the Russian ruble. Attention is attracted by the fact that this time both Kazakhstan and Uzbekistan, which recently abandoned their illusions concerning the ruble zone, were represented at the session of the KKK [Coordination and Consultative Committee] not by vice premiers but by officials of lower rank.

In addition to draft agreements that were approved the session also reviewed the question concerning revival of the Interstate Bank. In December it is planned to conduct a meeting of the board of directors in the course of which the issue regarding its registration will be resolved. The fact that after relative oblivion, the bank of CIS countries is once again at the center of attention, is symptomatic. Its significance within a unified monetary system of the Russian ruble remained totally uncertain—its principal regulators were to be the Russian Central Bank and Ministry of Finance. Under conditions engendered by return to normal interstate settlement of accounts, however, the need for that bank becomes quite evident. On the one hand it will be a clearinghouse, servicing multilateral clearing operations. On the other hand it will play the role of a foreign currency accounting center. Yesterday the foreign currency family of CIS countries was supplemented with the Kazakhstan tenge (the exchange rate for residents of the republic was set at

500 rubles/tenge, in 1961-1992 rubles) and with the Uzbekistan sum-coupon (exchange rate 1 sum-coupon/ruble).

Agreements approved at the KKK session: agreement on cooperation in the field of investment activities of CIS countries; agreement on general conditions and mechanism promoting development of production cooperation and direct links between enterprises and branches of government belonging to the Commonwealth of Independent States; agreement on the conduct of a coordinated anti-monopolistic policy by Commonwealth countries; agreement on prices and taxes.

Structure of Trade Between Russia and CIS Countries

Product designations	Imports	Exports
Rolled ferrous metal (thousands of tonnes)	7,237	4,629.0
Mineral fertilizers (thousands of tonnes)	28.2	1,397.1
Lumber (thousands of cubic meters)	39.1	6,397.8
Cement (thousands of tonnes)	336.1	1,966.6
Coal (thousands of tonnes)	39,723.0	15,806.2
Natural gas (millions of cubic meters)	7,017.0	106,395.0
Petroleum and gas concentrate (thousands of tonnes)	10,695.0	75,497.0
Motor vehicle gasoline (thousands of tonnes)	67.6	3,241.3
Diesel fuel (thousands of tonnes)	750.0	5,783.1
Fuel oil (thousands of tonnes)	397.1	8,614.0
Cotton fiber (thousands of tonnes)	485.6	—
Trucks (units)	31,765.0	104,862.0
Passenger cars (units)	2,271,360	81,494.0
Buses (units)	4,055.0	3,953.0
Forging and pressing equipment (units)	3,218.0	3,096.0
Grain combine harvesters (units)	—	16,705.0
Metal-cutting machines (units)	15,622.0	8,346.0

Commentary

The session of the Coordination and Consultative Committee (KKK) resulted in the introduction of some major changes in the path to be followed toward an economic union. They are directly expressed in the rejection of breathtaking global projects in favor of joint work on rules of the game in priority spheres of mutual economic relations. The affiliation of a number of CIS countries with the monetary system of Russia was actually recognized as a false start at the KKK session. Documents approved by the KKK, however, still contain recurring undervaluation of the independence of CIS countries.

Thus the draft agreement on cooperation in the field of investment activity is based on two different approaches. On the one hand it reflects the position of legislation on foreign investments in effect in the CIS countries (protection of investments, guaranteed transfer of profits, etc.). On the other hand Article 6 of the draft agreement stipulates that "relations associated with investments by the parties are regulated by corresponding legislative statutes of countries at the place of investment as established for investors of that country." In this manner the agreement presupposes that investments by CIS countries are to conform to national standards, which may cause difficulties not only with repatriation of profits, but also infringes on the rights of investors from former republics of the USSR by comparison with western companies.

The attention of CIS countries is focused not on the ruble zone, even one of "the new type," but on the creation of conditions for cross-share placing, expressed in market integration on the basis of a real transfer of capital. To be fair it is necessary to recognize that this process includes a legacy of the ruble zone, purged of ideological overtones, which may prove to be quite useful. A drawing together of economic legislation of countries which selected the economic union continues to be a pressing matter.

On the whole, as already noted by KOMMERSANT-DAILY, the building of the economic union involves a return to the algorithm which has already been repeatedly tested abroad in the creation of international groupings, with the following sequence of phases: customs union; common market of goods, services, capital, and manpower; currency union. Russia is "the engine" of such a turn. The sharpness of the turn from superintegrationism of the ruble zone to interstate cooperation within the framework of the CIS, remains to be seen. It appears that the isolationist reserve of Russia is much higher than that of its partners. In addition to that the

dependence of the Russian economy on links with republics of the former USSR is losing its acuity with time. In any case restoration of economic links within the framework of the ex-USSR to the fullest extent is not only impossible but unnecessary as well. Comparison with the level of mutual deliveries in 1990 or 1991 are incorrect mainly because there was a change not only in national-state systems but also in economic systems. Attention must be focused not on the restoration of all the mutual deliveries but on those that can withstand the rigid demands of a market economy.

Formation of the currency union (it will be specifically a currency union, and not the third revival of the ruble zone, as still claimed by certain CIS politicians in order to save face) is changing from an immediate task, which could have been resolved only by means of a regular cavalry attack which destroys economic interests, into a final stage of the integration process. This change in the path in practice means that, first of all, a base is preserved for resolution of credit-payment problems. Vladimir Mashits, chairman of the Russian State Committee for Cooperation sets the amount of debt owed by CIS countries to Russia at four billion dollars. Repayment of debts with property rights, in part with shares of enterprises technologically linked with Russian exporters, may stimulate creation of TNK [transnational corporations] within the CIS framework. On the other hand Russia, in cooperation with CIS countries, already approved schemes for granting credit which fully meet world credit market conditions: indexation of the volume of credit through the dollar, determination of the interest rate on the basis of LIBOR, and payment of an insurance deposit in freely convertible currency by the recipient of credit. Secondly, with the preservation of a variety of currencies and in view of the fact that the Russian ruble will undoubtedly prove to be harder than the currencies of other CIS countries, operations involving import of products into Russia from CIS countries will continue to be effective. The attractiveness of international operations with new soft currencies is also preserved.

Russian Envoy Cited on Dniester Conflict Settlement Prospects

944Q0102A Moscow NEZAVISIMAYA GAZETA
in Russian 25 Nov 93 p 3

[Article by N. Prikhodko: "Moscow is Prepared to Influence the Dialogue Between Chisinau and Tiraspol. A New Approach to an Old Problem"]

[Text] The Dniester region problem could essentially be resolved as early as in January so that it could be submitted to the newly elected Moldovan parliament (in February) which otherwise could once again "talk it to death."

Such a prediction by Nikolay Medvedev, special representative of the president, fully suited the goal of his recent mission in Moldova: to determine the possibilities of speeding-up the political dialogue going on between Chisinau and Tiraspol under the new conditions. The latter, as explained by Nikolay Medvedev at the press conference, were assumed to be changes in Russia resulting from the tragic events in Moscow, also including changes in the views on the Dniester issue. Today its resolution is conditioned by two elements: first, by the recognition of the indivisibility and territorial integrity of the Republic of Moldova as a subject of international law and, secondly, by the establishment of a special legal status of the Dniester Region. After resolving the strategic question, Nikolay Medvedev stressed, it is possible to resolve all of the attendant questions such as the territorial dissemination of Moldovan national currency being introduced.

Hence the principal requirement of the moment is to place the status of the Dniester Region on the required legal basis. A special temporary joint commission of the parties, with participation of a Russian intermediary, for example, could concern itself with that. Mircea Snegur, president of the Republic of Moldova, in a conversation with Medvedev, for instance, considered its creation by his decree a possibility. At the same time, in the opinion of Nikolay Medvedev, it is possible to take the profound CSCE analytical reports (particularly the 13th one regarding the status of the Dniester Region) as a theoretical basis of practical elaborations by the commission.

It must be especially noted that in their recommendations CSCE experts shifted from abstract appeals for Moldovan unity to specific considerations ensuring real unification of all of its citizens and eliminating causes leading to confrontations between them. The relevant explanations given at the final press conference by Timothy Williams, who headed the CSCE mission in Moldova for six months, created a sensation. Probably an underrated one at that. Timothy Williams, for example, expressed himself in favor of the political formula for a democratic Moldovan state, which, in particular, must not tell its citizens where, when, and what language they are to use. Furthermore, without belittling the significance of the Romanian language, Timothy Williams recommended extending the time

allowed for its assimilation, eliminating the certification of fluency in the state language incidentally planned to start 1 January 1994, which touches on the interests of a significant portion of the foreign-language population engaged in the so-far predominant state sector. According to Timothy Williams it is also possible to eliminate great friction with regard to a very painful question of the division of power between Chisinau and Tiraspol. By the way, in the Dniester Region it is permissible to preserve many of the structures already existing there.

The inevitability of partition was underscored by Nikolay Medvedev as well, noting that in their discussions politicians must be guided by reality. Thus it is possible not to recognize the legality of the Dniester Republic, but it is impossible not to realize that as an independent state formation it actually exists. Taking into account the present realities and striving toward a mutual compromise, the parties, which thus far continue insisting on their own points (Chisinau on a unitary Moldovan state, and Tiraspol on a confederation), could come to an agreement tomorrow. In that regard Russia, which has finally clearly determined its positions, is planning on actively cooperating with them in this area.

The formulation of its mission as an intermediary, in the opinion of observers, also rests on current realities which influence the pliability of both Moldova and the Dniester Region.

Potential for Russian Policy Change Favoring Azerbaijan Eyed

944Q0102B Moscow NEZAVISIMAYA GAZETA
in Russian 25 Nov 93 p 3

[Article by A. Anin: "Moscow—Alma-Ata, Moscow—Yerevan: Mutual Rebukes Reach Dangerous Level"]

[Text]

It is risky to draw far-reaching conclusions from the first collision, but the shift by Russia to a more balanced policy in Transcaucasia is not precluded

The current Russian—Kazakhstan squabble could be viewed by optimists as a temporary weakening in fraternal relations, whereas the latest gaffe in relations between Moscow and Yerevan is a phenomenon on the level of a crisis.

The interstate policy of Russia and Kazakhstan is Euclidean geometry where the straight line of political interaction passes through two geographical points—Moscow and Alma-Ata. It is quite another matter with Moscow and Yerevan—they cannot be connected other than through Baku. The post-Soviet Russian policy with regard to the two warring Transcaucasian republics is a swinging pendulum and the position in which it is determines the stability inside Armenia and Azerbaijan as well as the military successes of the parties in the Karabakh war.

For a long time the Russian pendulum has been firmly stuck at the Yerevan mark, which permitted the administration of Ter-Petrosyan to prevent the country's final economic collapse and allow Armenian forces to seize control and firmly hold Karabakh and Azerbaijan territories around it. In this manner Azerbaijan was punished for stubborn opposition of the former Baku leadership to the geopolitical interests of Moscow in the region.

At present, however, after Geidar Aliyev brought Azerbaijan into the CIS fold and Baku again found itself in the sphere of influence of Russia, Moscow simply cannot fail to support the loyal leader and provide him with broad social support within his country. But at present it is possible to give Azerbaijan only that which is taken from Armenia.

Andrey Kozyrev's abruptness in his response to Yerevan's declaration concerning the incident with Vladimir Kazimirov and the words of the Russian minister regarding possible sanctions against Armenia, indicate that even though the Russian pendulum is yet to start swinging away from the Yerevan mark in the opposite direction, it could happen any day.

Servicemen's Problems from Creation of Ruble Zone, Currency Withdrawal

94UM0069A KRASNAYA ZVEZDA in Russian
2 Nov 93 pp 1, 3

[Article by Lt. Col. Ivan Ivanyuk: "The Ruble Zone and the Russian Army: Where Is the Road of Good Intentions Leading?"]

[Text] *Our unit deployed in neighboring Turkmenistan was subject to inactivation on 1 September. The unit, in which we had all kinds of allowances, was inactivated a month earlier. In connection with organizational measures, 30 officers, including myself, were dismissed to the reserves on 31 August under an order by the commander in chief. But the question of our final dismissal has not been resolved to this day. If this is decided in Russia, then it is necessary to send us officers already dismissed to the reserves back to Russia along with our service records. But for this there is no money in the account of our unit, which no longer exists. If we are dismissed locally, then we must first be sent somewhere but they will only give us money of the old form, which is not in circulation in Russia and can no longer be exchanged in Turkmenistan. No one knows what to do, because there has long since been no commander or deputy commanders in the unit and there are no communications with Moscow...—Lt. Col. of the Reserves V. Nesterov, Krasnovodsk.*

I am categorically against the spread of penal terminology in normal language and especially through the mass media. But when you read such letters—and the editor's office has been receiving them almost every day lately—and hear the combination of words "ruble zone" that has become fashionable, you involuntarily imagine "zone" in the jargon of thieves as being the opposite of "liberty." As regrettable as it may be to realize this,

precisely these zones of an economic nature in the territory of our once-unified country have resulted in the loss of elementary rights and liberties for thousands of Russian servicemen, our fellow citizens, certainly the right to provide for the vital needs of their families. And even when they were discharged to the reserves, they did not gain the freedom to move elsewhere.

But these people did not do anything reprehensible. On the contrary, they served their Fatherland faithfully and truthfully, even beyond its borders. How did it happen that they became hostages of political agreements and nonagreements between the countries of the Commonwealth?

"For an entire year now, they have not been paying us monetary allowances on time, and the last two months they have not paid any money at all," a large group of servicemen from that same Turkmenistan reported. Because of the lack of bank notes of the 1993 type, it has become impossible to go to Russia for service and family obligations, for leave..."

Objectively, a reference point of the main financial troubles for Russian servicemen in neighboring foreign countries was the hasty action by the Central Bank of Russia to remove from circulation and to exchange bank notes issued between 1961 and 1992 that was carried out during the last days of July of this year. Ministry of Defense proposals to take into account the realities of the exchange process at "hot spots" in the groups of forces abroad and other extreme conditions that are so characteristic of life for the troops today were initially shelved. The task was resolved in the crudest way: Those who have a permit to reside in the territory of Russia could exchange their money at savings banks, and those who lack this had to make the exchange through the financial agencies of the military units.

We all remember very well, although it already seems that all this happened long ago, how under the pressure of public opinion they relaxed the deadline, increased the sums subject to exchange and considered some other everyday circumstances. But these measures, unfortunately, did not remove the burden of worry from many Russian servicemen. In particular, it was impossible to abide by the deadline. Then, at the intercession of the Ministry of Defense, the Central Bank sent a letter to its territorial directorates allowing them to exchange the designated sums through mass clearing centers regardless of the time of presentation, provided that the appropriate documents existed explaining the reason for the delay.

This resolved the problem only in part, because the set upper limit of 100,000 rubles per person as the exchangeable sum could not suit officers serving at places where they pay double but the commodity market functions so poorly that there is nothing to buy. And at some places they did manage to pay wages that had been held up for two months—naturally in old bank notes.

In the fall, the agencies already began to receive mass complaints with refusals to accept payments in paper money of this kind: You cannot buy anything with it in the countries where they are staying and it could be taken into Russia only for deposit. But this will create numerous problems in making purchases. And officers discharged to the reserves and wanting to return to Russia found themselves in a quite hopeless position. One such officer is Lt. Col. of the Reserves V. Nesterov, with whose letter we began today's talk. What can you say: It is not a happy prospect to receive 20 months' wages and only be able to exchange 100,000 roubles. But as we see, even this prospect is not always attainable.

It must be said that thanks to the persistent efforts of the Main Directorate for the Military Budget and Financing of the Ministry of Defense of the Russian Federation, all of the measures possible under these conditions were taken. In practically every region, it was permitted to issue personal orders for a monetary allowance to the serviceman for the last two months plus money for travel when used for leave. They can be exchanged either at so-called payment centers (true, there are still only a few of these) or (they found still another possibility) at military commissariats. They also thought of this version: To issue certificates to the families of servicemen remaining in Russia for a portion of the money allowance of the family head. But of course, not all have families in Russia and this must be voluntary rather than compulsory. So there are still problems and the people continue to suffer, as shown by the letters of our readers not only from Turkmenistan but also from Kazakhstan, Georgia, Tajikistan, and the Dniester Region. In the most difficult position were the families of servicemen who remained in the territories of the republics where it is impossible to convert old Russian money—in Belarus and Ukraine.

What is the way out of the existing situation? Theoretically, it is in the establishment of that unified ruble zone that became a permanent part of our vocabulary after the heads of the member states of the Commonwealth signed the corresponding agreement on 7 September. But in practice? In practice almost two months have already passed and, as they say, the cart is still where it was. The initial enthusiastic responses to the effect that life itself has prompted states to move toward an economic union were rather quickly replaced by general skepticism: Is that really a utopia?

The fact is that the signed agreement is nothing more than a declaration of intentions. The first bilateral talks showed that there is more than enough friction between the negotiating sides. Indeed, how can one state retain its sovereignty and independence if it becomes part of the monetary system of another state? How can an independent policy be pursued if, for example, unified anti-inflationary measures are demanded—and they will be demanded—for all? The level of inflation in the countries of the Commonwealth differs greatly anyway—by a factor of about 2.5 between Uzbekistan and Belarus. And everywhere it is higher than in Russia, which, in the analysis of experts, threatens the latter with a very strong inflationary "shock."

"To hasten the merger of monetary systems at least in nearby but already essentially different countries with distinct principles for the functioning of the economy is a very dangerous thing and may do enormous damage to the interests of Russia," as Russian Minister of Finance Boris Fedorov assessed the situation. That is, a detailed study of the mechanisms for the protection of one's own economy and coordination of credit-monetary and budgetary policy are needed. It is necessary to establish a unified monetary and customs area and a single system for the organization of the foreign-exchange market and to standardize the legal base, etc. All of this takes considerable time. And people in a military uniform who have been placed by the will of politicians in a critical and sometimes hopeless position cannot wait that long.

What might be the ways out of the existing critical and intolerable situation? The first is to coordinate at the intergovernmental level the question of the introduction of Russian money of the 1993 type into other countries of the Commonwealth at least for those who are discharged to the reserves and leave for Russia. Without such agreements a step like that is nothing other than foreign-exchange intervention in the language of international law. The second way is to increase the limit of the one-time exchange of money by the serviceman serving outside the current influence of the ruble zone, say, to a half year's money allowance.

One would like to believe that these questions will be removed from the agenda in the near future and that in the course of the bilateral negotiations already under way the emphasis will not be on momentary political or economic advantages but on the interests of people, including the interests of Russian servicemen, who are still a much greater cementing force for the CIS than is the still intangible unified ruble zone.

POLITICAL AFFAIRS

Lanovyy States Leadership Must Be Removed Immediately to Avoid 'The Worst'*944K0357A Kiev NEZAVISIMOST in Russian
24 Nov 93 p 3*

[Article by A. Senchilo: "Vladimir Lanovyy: 'If Anything Is Working in Our Case It Is the Black Market'"]

[Text] If a government survives on credit and is not in any hurry to conduct reform, if human rights are not protected, if there is no real freedom of speech, if living standards are plunging catastrophically, and as a result of all that the West is covering the credit lines, if the upper strata cannot and the lower strata does not want to, an apocalypse is quite possible in an individual country that constitutes the weakest link of the postsocialist chain. It is most likely to begin at the end of January when the largest enterprises will be brought to a stop. This is the belief of Vladimir Lanovyy, president of the Market Reform Center of Ukraine, who spoke with journalists on the first anniversary of that professional-analytic organization.

Thus according to Market Reform Center data we now have a 100 percent monthly inflation rate. If it continues growing at that pace in six months prices will increase by a factor of 300 and Saint Vladimir, overrun by an army of zeros at the National Bank, will give up the Ukrainian karbovanets for lost. The lack of skill among the government elite, in the opinion of Vladimir Lanovyy, leads to a situation where all attempts by the government to postpone the agony of the financial system (administrative price restraints, prohibition of unrestricted currency circulation, limitation of bank rights etc.) merely aggravate the situation, forcing goods on to the black market. The leadership of the country is incapable of ensuring a favorable balance (we owe Russia 400 million dollars and 350 million to Turkmenia) and apparently wishes to settle with creditors at the expense of enterprises "purchasing" foreign currency from them at a fixed rate. As a result it becomes unprofitable to sell goods abroad, we will not receive credits from the International Monetary Fund and Ukraine will find itself without any hard currency at all. This in view of the fact that the reserve of gas in the country is only 20 percent of the required amount. The supply of hot water has stopped in many cities, limitations on the supply of electric power are being introduced, and transport is practically paralyzed.

"The president accused NEZAVISIMOST of distorting the facts. I cannot agree with the president," Vladimir Lanovyy declared. "Why didn't he operate with concrete figures? If the correlation of prices in CIS countries is published it would become clear that living standards in Ukraine are lower by a factor of five to six than anywhere else. The attitude toward our country in the world is determined by what sort of a society we are building. When we had plans for transition to a market economy, liberalization, and privatization, when we proclaimed the creation of a democratic state, we enjoyed a warm

and an open attitude. At present, however, as we are proclaiming a state of economic emergency (apparently soon to be followed by martial law), as we are returning to the distributive military-communist system, why should anyone help us? So that we could continue developing our military industrial complex? After all, disintegration of the government could readily lead to a certain instability along the borders, as it occurred in the Balkans."

Torchlight parades are already snaking their way through the streets of Lvov and the slogan—"Ukraine for Ukrainians" is being heard ever louder. Vladimir Tymofeyevich is not excluding the possibility of a putsch, revolution, or a civil war. In order to avoid the worst it is necessary to change the leadership immediately by constitutional, parliamentary means, while that is still possible.

In the meantime parliament adopts a plan (an absolutely useless document, in the opinion of the president of the Market Reform Center) along with a budget "that is beyond criticism." Center specialists believe that the budget takes an unrealistic account of inflation and indirect tax revenues. As a result of that expenditures are also designated incorrectly and will be much higher in reality.

"Today the government has no budget," Vladimir Lanovyy says. "It simply spends as much as necessary, and then presents the people with the bill. It is called an inflation tax on the population."

Despite everything the Market Reform Center will continue its work on the elaboration of alternative reform and privatization programs. Vladimir Lanovyy intends being a candidate in the forthcoming elections.

"Ukraine has great potential. I become convinced of that analyzing the black market where it is possible to purchase practically anything. We will certainly restore the country if we legalize the market instead of driving industry underground."

Orthodox Believers Beaten, Arrested*944K0357B Kiev NEZAVISIMOST in Russian
24 Nov 93 p 1*

[Article by A. Senchilo: "No Change on the Orthodox Front"]

[Text] Christians in our country are treated the same as "white brothers." On 22 November a Berkut detachment broke up a peaceful demonstration by members of the Ukrainian Autocephalous Orthodox Church presently headed by Dimitriy (Yarema) successor to Patriarch Mstislav.

As commonly known the policy of ecclesiastical Bolshevism, conducted by President of Ukraine L. Kravchuk and his associates, supporters of Filaret, was encountered by the reviving martyred church in the summer of

1992. Unlawfully unifying Orthodox churches of Ukraine (Ukrainian Orthodox Church of Vladimir Sabodan and the Ukrainian Autocephalous Orthodox Church of Mstislav Skripnik) the authorities eliminated the autocephalous church without its consent. Protests by the late Patriarch Mstislav, the Office of the Procurator General of Ukraine, and by public and political organizations did not bring the desired result. The state is insistently crushing Ukrainian Orthodoxy with the Ukrainian Orthodox Church—Kiev Patriarchate, which is in the back pockets of Kravchuk and Filaret.

A photo poster showing embracing fathers of the original Christian faith (the president and Filaret) with the eloquent inscription "Close friends" adorned the shivering ranks of believers of the Ukrainian Autocephalous Orthodox Church picketing a former building of the Central Committee of the Ukrainian Communist Party on Bankovaya Street. The militia, without philosophizing, cunningly declared the photo poster a shameless forgery and confiscated it in full view of tens of journalists, probably for a historical museum. Several minutes later the believers were asked to disband. They, naturally, refused to do so after which the Berkut descended on them. Father Yuriy Boyko, a well known activist of the Ukrainian Autocephalous Orthodox Church and four other men were beaten and detained. The court imposed an administrative penalty—a fine of 67,000 karbovantsy on each one of them.

This because the people demanded restoration of their lawful juridical rights and the return of churches confiscated by the government in favor of Filaret along with the elimination of the notorious Council for Religious Affairs of the Communist Party of Ukraine, that vestige of a totalitarian system.

The Ukrainian Orthodox Church (Moscow Patriarchate), the Greco-Catholic and the Roman Catholic churches as well as all Protestant churches declared their support of the martyred church and indicated the need for satisfying its legal demands.

As the we were going to press another 15 believers of the Ukrainian Autocephalous Orthodox Church, including 15 archbishops, were detained near the building of the Supreme Council of Ukraine. They were taken to the Pechersk ROVD [Rayon Department of Internal Affairs] in Kiev. The Ukrainian Autocephalous Orthodox Church plans to continue engaging in acts of civil disobedience.

Editor Responds to Kravchuk Criticism

944K0308A Kiev NEZAVISIMOST in Russian
17 Nov 93 pp 1-2

[Lead article by Vladimir Kuleba, editor in chief, NEZAVISIMOST: "To What Level the President Has Sunk"]

[Text] On 11 November of this year GOLOS UKRAINY printed a note on page 4 entitled "Conservative Republicans Are Against Everything Russian." It reported that

the UKRP [Ukrainian Republican Party] had issued a challenge with regard to the position of the Ukrainian spiritual and cultural rebirth. The latter was deemed unsatisfactory, and—therefore—the UKRP "demands that the authorities close down all channels of television broadcasting from Russia, stop the flow of the Russian press into Ukraine, make the study of Russian optional in school, and close down those departments at VUZ's which are training Russian-language teachers." That is precisely the way—in the UKRP's opinion which must be employed to carry out a genuine Ukrainification.

It is not hard to imagine the political and social consequences of such a decision—if it were to be adopted—as well as the negative repercussions in various regions of Ukraine. This primitive decision, mixed in with the yeast of isolationism, promises to bring Ukraine nothing but harm and a discrediting of the very idea of independence. It would, perhaps, not be worth while to dwell in such detail on the challenge of this party, which is well known for its ultra-radical views and its inflamed nationalistic consciousness—as well as for its overbearing pride and ballyhoo. But, by a strange coincidence, it was on that very same day—on Thursday, 11 November—that the president of Ukraine, speaking from the rostrum of the Supreme Council, "developed and deepened" this thesis—one which is very dubious from the viewpoint of common sense. At first—and this is characteristic of his speeches as a whole—there were assurances that he would adhere to a course of reforms and democracy. He also warned against the danger of "this rostrum being used to incite interethnic passions." Having thus calmed down the already unnerved people's deputies, Leonid Makarovich quite unexpectedly began to excoriate those "friends and foes," who—in his opinion—are creating a "low image" of Ukraine. His first target was THE WASHINGTON POST, "which has written that Ukraine is an extremely poor and unhappy state, while—at the same time—people are coming here from the other CIS states and saying something entirely different." Then he attacked former Deputy Prime Minister Viktor Pynzenyk, who had declared in the pages of our newspaper that Ukraine had already used up its credit. And L. Kravchuk went on to say the following.

"The newspaper failed to consider that the former deputy prime minister was speaking somewhat hastily and irritably; he continues to write these lies about himself, his region, and Ukraine

"By the way, this newspaper is used a great deal by deputies and leaders of the National Council. It is an interesting fact that here they say in a trembling voice that we need to use the Ukrainian language. But when they need to really lash out at somebody or other, they have recourse to this newspaper and use the Russian language to do so.... Perhaps they are convinced that they will be better understood in Russian even by the leaders of the NRU [Rukh]. And so I want to ask: Just where shall we proceed further?"

That is precisely what we ask too: Just where? And who is carrying out whose social command? Is the UKRP following Leonid Kravchuk's orders, or is the president himself in the service of a party which preaches ultra-nationalistic ideas? And—in the latter case—who is causing more harm to the image of Ukraine by sinking to such irresponsible statements from the parliamentary rostrum? It is strange—incidentally—why the "writers" and "producer-directors" of the president's entourage have "spared" the newspaper IZVESTIYA. In the first place, it recently printed an interview with Vyacheslav Chornovol, the leader of the NRU [Rukh], and—in the second place—practically every day IZVESTIYA publishes announcements by the Central Bank of Russia—announcements wherein the Ukrainian karbovanets is constantly declining in value (as of 12 November 1993, 10 karbovantsy were pegged at 0.30 kopeks). But this problem could be solved quite simply by banning this newspaper in Ukraine—and the karbovanets, just look and see, would recover its former value. An annoying miscalculation.

The president's odious passage evoked varied reactions—ranging from the toadying applause and approval of the "aggressively obedient" parliamentary majority, which servilely reprinted it in KIYEVSKIYE VEDOMOSTI, a newspaper notorious for its "yellowish" nature and for belonging to mafia-type structures, to sharp non-acceptance, as expressed in numerous letters, telegrams, and phone calls to editorial offices (at times these non-acceptances assumed extreme forms). We are quoting from some of them below in order to show to what extent the nomenklatura—situated in comfortable, well-heated apartments and parliamentary residences—have become isolated from the common people, from human beings with their day-to-day problems, concerns, and needs (our editorial offices have all the names and addresses).

City of Dubno, Rivno Oblast: "I support you; it is not only you, but all our people who think this way. And when one reads NEZAVISIMOST, one's soul grows warmer, and hope springs up like a bird that more such persons will soon come to live among us.... Are not the people's deputies along with the president afraid that a time of reckoning will come, when they will be held responsible for all their deeds? And how will they save their souls? They will not be able to save them because there are more of us than there are of them!"

City of Donetsk: "Kravchuk no longer has any support in the Donetsk Basin. There was a time when he was able to fool us. But not any more. Thank you for the truth which you bring to the masses! Thank you for existing!"

City of Garlivka: "I would very much like to address the president as follows: Leonid Makarovich, don't touch our NEZAVISIMOST. It is our only ray of light. My only regret is that this will not be heard."

City of Korsun-Shevchenkivskiy, Cherkassy Oblast: "What kind of independence for our Ukraine arrived at?"

Since 1991 the life of the population—especially that of working people—has gotten much worse and covered with filth. Things are particularly hard for us veterans of the Great Patriotic War. At the very same time that we have harvested extremely large crops this year, the prices on food products have constantly gone up. And so it turns out that independence is something only for the leaders, while working people have to get along as best they can."

Chernigov Oblast: "I thank the editors. There should be some more such fighters in Ukraine. It has need of them, especially now, when that gang of bandits—like wounded bears—are infuriated and capable of anything...."

The excerpts quoted above need no extra comment from us. From our letters to the editor we have selected some of the most typical ones received here in recent days. It is not easy to read them: Through the untutored lines one can sense trampled-upon illusions connected with the failure of independence, the semi-starved existence of those persons who have toiled honestly and honorably all their lives and now—because of some political whim—have remained poor, their souls constantly in the icy grip of fear that they will not be able to make ends meet, and that there will not be enough money left to pay their wages. Moreover, everybody knows this so well from the wretched existence being dragged out by our friends, relatives, acquaintances, and—ultimately—by ourselves.... But perhaps the most noteworthy thing is that virtually every letter contains a flashing little ray of hope, a tiny spark of faith that all this will change, that it will become different and better, that we will live like human beings, and that Ukraine will come to occupy its rightful place. Are such things possible? Yes, they are possible. But only on one condition, namely that, in the upcoming elections, we—the entire people of Ukraine—say a decisive "No" to the nomenklatura caste now in power and to its leader, Leonid Kravchuk.

One has to pay for everything in life. More completely than ever before, this banal truism characterizes the activity of the present president. In summing up the results of his two years in office, let's list the principal "achievements": an extremely deep economic crisis and a collapse of the financial system; a complete breakdown in relations on the state level with Russia and the other CIS countries; a lack of desire for any changes at all, not to mention reforms; an unprecedented crime spree; the emergence of mafia-type, oligarchic structures, which have succeeded in setting up a planned export of Ukraine's resources; the overturning of democratic institutions and the setting up of monopolistic-totalitarian ones for the purpose of concentrating unlimited power in the hands of a small band of persons (i.e., an autocracy). This last factor was spoken about convincingly by Serhey Holovatyy at the above-mentioned session. And, perhaps, the most astounding result is the following: Covering himself in puffy democratic phrases and arranging himself in the toga of a democrat, Leonid Makarovich has done everything to make sure that the democratic

forces have not been allowed to come to power; he has completely executed the social command of the nomenklatura, whose henchman he essentially is.

In the final analysis, people must know the truth, and someone must be the first to tell it to them. It is not Boris Yeltsin, Viktor Pynzenyk, nor the newspaper NEZAVISIMOST who are to blame for what is now taking place in Ukraine and for what its long-suffering people are experiencing. One man is personally responsible for everything—President Leonid Kravchuk, who was elected in the nationwide election of December 1991.

To call a bureaucrat a bureaucrat or a nomenklatura a nomenklatura is an occupation which is not so much gratifying as it is useless. All that the persons from the party presently in power need to do is sit in their armchairs and just not retreat from their positions. They will cling to their right to divide and rule until blood comes from under their fingernails. The only way out of this impasse is to gain a victory in the elections. In order to achieve it, the following three conditions must be present: the unconditional unity of all forces in the society (except for the left-wing and right-wing radical socialist-communists, UNSO [Ukrainian People's Self-Defense Forces], and those like them); the conscious activism of the voters, their striving toward genuine changes (unfortunately, it must be stated that there has been a decline in activism, no small "service" in which was rendered by L. Kravchuk, who managed to slow down the influx of enthusiasm caused by the discovery of independence, at which time the people were ready for any changes and reforms). And, third, a great deal will depend upon how successfully we are in taking advantage of the incapacity of the nomenklatura presently in power to control and influence the course of the elections, as was done by the communists in 1990. May God grant that all three of these conditions coincide. For lost elections promise not only the destruction of the young sprouts of democracy, which have scarcely succeeded in breaking through the asphalt of totalitarianism, but also a mortal danger to Ukraine's independence. Sensing themselves to be free from any threat of punishment, the friends and comrades from the nomenklatura party can whistle at such a threat at any time, taking advantage of the protection of their chief. Or they can sell, without trading in the market—at the going price or even giving them away—those bonds which were issued, again with Kravchuk's blessing.

And one last point. The president's wounded vanity began to flare up—it seems—not so much because of the article by V. Pynzenyk which we published (much sharper items have appeared in NEZAVISIMOST)—as due to the anecdote which was printed alongside of it (see NEZAVISIMOST, 10 November 1993). And this is laughable indeed, for—of course, the newspaper publishes only that which people send in to it.

P.S. When this issue was already being made up, an attempt was undertaken to block its path to the readers. Serving as a pretext for doing so was a small amount of

money which we owed to the Kiev Post Office. And although this debt was handled effectively, and the list of "those to be fined" contains at least 20 other publications besides NEZAVISIMOST, we were not really sure up the last minute that the newspaper would come out.

And several days earlier the president, after becoming acquainted with the 10 November issue of our newspaper, called the leading officials of the Ministry of Communications, Goskomizdat [State Publishing Committee], and the minister of the Cabinet of Ministers up "on the carpet." The following task was assigned with the maximum specificity: "Close down NEZAVISIMOST no matter what!" And the machinery began to go into operation. I would like to give one piece of advice to these zealous executors: Don't trust those persons who attempt to use other people to settle scores with somebody else who has insulted them. All their lives they have dreamed of riding into paradise on someone else's hump. These are not good people; they are unscrupulous people. In fact, they are not even people; they are stunted creatures. The time will come when such things will rebound on them 100-fold. But to those persons who have not acted meanly, who have proceeded according to their consciences, and who have supported people who are being hounded—we bow deeply.

Since yesterday there has been a kind of pre-strike readiness in our editorial offices.

We hope that the next issue of our newspaper will come out on Friday, 19 November of this year.

[Signed] V.K.

New Procurator General Outlines Legal Philosophy

944K0324A Kiev MOLOD UKRAYINY in Ukrainian
19 Nov 93 p 2

[Interview with Vladyslav Datsyuk, procurator general of Ukraine, by Yuriy Bondar, under the rubric "A Topical Interview"; place and date not given. "It Has Never Been Easy for Us"—first paragraph is *MOLOD UKRAYINY* introduction]

[Text] On 21 October of this year, Vladyslav Volodymyrovych Datsyuk became the new procurator general of Ukraine. He is 56 years old and an ethnic Ukrainian. A graduate of the Kharkiv Juridical Institute, he has worked in the procuracy organs of Zakarpattia, Lviv, L'nytskyy, Chernihiv, and Odessa oblasts. Prior to this appointment, he held the office of deputy procurator general of Ukraine.

[Bondar] Vladyslav Volodymyrovych, it seems that now everyone has agreed that we are embarked on building a rule-of-law state and a civil society. In this view as procurator general what is the role of the procuracy organs in this process?

[Datsyuk] An important role. After all, the procuracy exercises supervision of observance of laws and adherence to constitutional principles in the state by everyone—beginning with ministries and departments, the militia, and the organs of the Security Service and ending with enterprises and local government organs. Subject to our supervision are those very institutions on whom the building of our nation as a strong and law-based state depends.

[Bondar] Ukraine is now independent. How independent is the procuracy in Ukraine? It has recently been engulfed in intrigue, including political intrigue. Your predecessor stated on many occasions that various political groups were putting pressure on him. You have occupied the office of procurator general for a month. Do you feel any attempts to influence your stand or your decisions?

[Datsyuk] I do not feel any pressure. I regard criticism of the procuracy as normal. We are always caught between two fires, [i.e., between a rock and a hard place, or between the devil and the deep blue sea], because there are victims and wrongdoers, those unjustly accused and offenders. Each defends his own truth and we cannot please everyone. We are guided by the law and only the law, which means that we objectively infringe on some people's subjective interests. Of course, there are shortcomings and omissions in our work as well. We are working to eliminate these.

[Bondar] The Russian newspaper IZVESTIYA recently published an article by your colleague, Russian Procurator General Aleksey Kazannik. He argues that by restricting the procuracy's sphere of activity, the draft of the new Russian constitution is de facto doing away with the institution as such. He describes himself—not without sarcasm—as being the chairman of the liquidation commission. Have you any comment in this connection with respect to the draft of our own new constitution?

[Datsyuk] There were earlier attempts to make the procuracy organs part of the judicial branch or to subordinate them to the Ministry of Justice, thereby weakening them. But the draft of the Ukrainian constitution secures the rights and obligations that the procuracy has today. These are: supervision of consistency of Ukraine's legislative acts and actions of the state organs of executive power and of local self-rule with constitutional principles, safeguarding the constitutional rights and freedoms of citizens, supervision of the work of law enforcement organs, protection of the state's property and other interests, and so forth.

At the same time, there is no doubt in my mind that the Law "On the Procuracy of Ukraine," which was adopted earlier and under which we function today, requires clarification and changes. The aim of these should be to broaden the scope of procuratorial supervision. The procuracy should be concerned with everything—economic matters, commercial structures, violations of

labor legislation. That is what constitutes protecting the people's constitutional rights.

[Bondar] In other words, you mean that there is a need to increase the procuracy's authority and thereby influence in society?

[Datsyuk] Exactly.

[Bondar] We know that there exists some friction between the procuracy and the defense bar. During deliberations concerning the draft of the Law "On the Defense Bar of Ukraine," representatives of the procuracy opposed granting defense attorneys expanded rights at the initial stages of the investigation. This was followed by a defense lawyers' strike, which paralyzed the court system. Recently, the Union of Advocates issued a statement complaining of harassment of those who took part in the strike and protesting the application of what were in fact punitive sanctions against them.

[Datsyuk] I understand what you are referring to and can tell you that we had absolutely nothing to do with the reasons why this statement was issued. You have a trial. And you have those who take part in a trial—plaintiffs and defendants, victims and offenders, defense attorneys and procurators. They are all equal before the court. If someone fails to show up at the trial, the court has the right to apply its own measures against that individual. In the cases that are being referred to, the defense attorneys who refused to appear at trials were fined.

As to the other point, let me say that we have never opposed the independence of the defense bar. The disagreement concerned the proposal to grant defense counsel the right to communicate with a person suspected of committing a crime from the moment that he or she is taken into custody—following the American example, as it were—even before the investigator has had the opportunity to question the suspect. Given the conditions in our country and the level of legal awareness in our society, this is not possible. In the United States, if an attorney is perceived to violate professional standards, he will not be able to continue practicing law. As a result, American lawyers are very careful about maintaining their reputations. Here, everything is possible. Including dishonesty, deliberate connivance in and concealment of crime. Consequently, for the time being let the investigator be the first to speak with the suspect.

[Bondar] At the expanded meeting of the collegium of the procuracy general in August, there were some who warned that should a negative decision be adopted with respect to Yuriy Haysynskyy, who was then still the first deputy procurator general of Ukraine, eventually the entire collegium would be dismissed. Today, the entire collegium has been replaced.

[Datsyuk] In forming the present collegium, it was our position that it should be small, consisting of no more than seven, or at most nine, members. The larger the collegium, the more slowly it passes decisions and the less efficient it is. I believe that the collective governing

organ should consist of people who share my views, whom I can trust, and who do not need to be pushed to work or to take on responsibility. The people I recommended to the collegium, although they may be people that are unknown, meet these criteria.

[Bondar] The Supreme Council did not accept all your nominees. For example, your nomination of Danylenko, who had been a member of the previous collegium.

[Datsyuk] I recommended him and supported his candidacy because he has a great deal of experience in investigative work and is an expert in this field. However, this is precisely the job in which you very often have to step on people's toes, and, as you can well imagine, not everyone finds this a pleasant experience...

[Bondar] Would it not make more sense to leave the appointment of the collegium to the procurator general?

[Datsyuk] I also think that it is enough that the Supreme Council appoints the procurator general. And whom he chooses to assist him should be left up to him.

[Bondar] The procurator general is appointed for a term of five years. Your predecessor was dismissed earlier. Is it not possible that a new Supreme Council will come in and...

[Datsyuk] The right to appoint anticipates that the body that appoints also has the right to dismiss. There are three circumstances under which the procurator general can leave office before the expiration of his term: if he resigns of his own will, if he has committed a crime, or if fails in the performance of his duties. Lately, the Supreme Council has had nothing good to say about the procuracy general...

[Bondar] Unfortunately, the general public still associates the procuracy organs with repressions. Nor is the procuracy's prestige bolstered by the abuse of power indulged in by some of its employees, whose activities have received a lot of coverage in the press lately. Is it possible to secure the procuracy against penetration by dishonest individuals or of individuals suspected of being connected with mafia structures?

[Datsyuk] That is a very good question. You know, in the past (and I have in mind not very long ago), abuse of power in the procuracy was an exception, or at least a rare occurrence. You were dismissed for as little as using your official position to help your mother put up a fence or if you bought something from the director of an enterprise over which you exercised supervision. The standards were strict, but somehow or other they prevented the wrong kind of people from penetrating into the procuracy organs. In this respect, a great deal depends on those heading the procuracy. It is not enough to possess information (and, believe me, we have such information); you also have to react promptly in order to prevent serious violations.

[Bondar] A law on organized crime was recently enacted in Ukraine. The appropriate subunits were to have been created by 1 September, but this has not been done. Why?

[Datsyuk] Such a law does indeed exist, but, unfortunately, it is not in force. Because of financial, staffing, and organizational reasons. If we want to create something along the lines of a Ukrainian FBI, we need to concentrate our forces and means rather than divide them up among the procuracy, militia, and Security Service. What has happened instead is that before we even managed to do everything that needs to be done, along comes the draft of the law on combatting corruption. Should we now create yet another administration, this one to combat corruption? This is not the way to solve the problem.

[Bondar] If there is no understanding of these issues, might one not conclude that this kind of splitting up of forces is in someone's interest, that this is an attempt to block the formation of a truly effective body to fight organized crime?

[Datsyuk] I would not put it that way. We must work out a strategy for fighting organized crime now that this has become a problem. We have legal grounds on which to wage this battle. The Criminal Code covers such concepts as "organizer," "perpetrator," and "accomplice" of a crime. All we need to do is apply them more effectively.

[Bondar] Our Supreme Council is enacting many laws. Are they being implemented as they should be?

[Datsyuk] So far, the Ukrainian parliament has passed more than three hundred legislative acts. If we add to this the decrees issued by the Cabinet of Ministers and the edicts issued by the president, these documents total nearly half a thousand. Obviously, there was a real need for many of the laws that were passed, even though in some cases we could have continued implementing the laws in effect under the union for a while longer, but there are also laws that are not being carried out. Often, the passage of a law becomes almost an end in itself, and the mechanism needed to implement it is not created. Whereas what we, the procuracy organs, supervise is the process of the execution of laws.

[Bondar] Vladyslav Volodymyrovych, there has recently been an increase in crimes against journalists. Journalists see this as an assault on the press. Journalists have been the victims of beatings, editorial offices have been smashed up, and there have been other violations of the law against embers of the press. Take, for example, the illegal dismissal of Ihor Lubchenko, the editor in chief of the Kiev newspaper OSVITA. By requisition of the procuracy, the court reinstated him in his job, but later one of the founders of the publication, the Ministry of Education, dismissed him once again. The court reinstated him a second time but... In a word, for more than a year this journalist has not been able to obtain justice and remains without work. What, in your opinion, is

behind this? Is this really some sort of pressure on the press, or is this a trend indicating the criminalization of our society in general?

[Datsyuk] Unfortunately, today we are more apt to find people who break the law in our society than those who abide by it. The so-called perestroika began with fierce criticism of the law enforcement organs, which could not help but have an effect. On the one hand, this left the law enforcement organs somewhat demoralized, and on the other, the criminal world has grown more brazen. Add to this the economic crisis, and the result has been an upswing in crime statistics. In the past, a group of two or three individuals would have been caught when committing their second or third crime. Today's gangs often number dozens or even hundreds of well-armed members, outfitted with technical equipment. Today's criminals attack and defend themselves in an organized manner. Of the 431,000 crimes committed in just the first ten months of this year, 141,000 have not been solved. This wave of lawlessness is growing and poses a potential threat. In my opinion, this also accounts for the increasing number of crimes against journalists. Though I do not exclude revenge as a factor in some cases—retaliation for a principled stand and for exposure. In our time, a journalist's profession is risky and can be compared to that of the investigator, if you will.

I have long said that our law-abiding citizens have the right to be armed. You should carry a weapon and so should I. All who respect the law and who are not mentally ill or criminals. A person has the right to defend his life, his health, his family. I am in favor of the open sale of arms. Today, the criminal world has in its possession hundreds of thousands of automatic weapons, and these weapons are being fired.

[Bondar] Vladyslav Volodymyrovych, my final question. What will you focus your attention on primarily as the procurator general of Ukraine?

[Datsyuk] The first thing we need to do (I have already discussed this with all the oblast procurators) is step up our supervision. We need to get to that collective farm, and to that freight car standing on the siding, and to that equipment that is standing idle and rusting, and we need to figure out at last what is happening in the financial and credit system, and what the tax service is doing. We also need to review all the cases that have been opened and determine which of them we will never be able to take to court. We have people who have been sitting in jail for a year awaiting sentencing for having stolen a pair of old jeans, for example.

We also need to study criminogenic conditions and marshal our own forces and the resources of others to eliminate them. These are the areas in which emergency measures must be applied to correct the situation.

Our most urgent problem is the training and retraining of personnel. This we cannot do without a government program. Social issues need to be resolved. Is it fair that an investigator working for the procuracy is paid half the

salary that his counterpart in the militia gets?! It is therefore hardly surprising that the level of "understaffing" in the Ministry of Internal Affairs is 2.8%, while ours is 10%. And it is the best that are leaving, not the worst. I recently met one such individual. "How are you doing?" I asked him. "Fine," he said, "they gave me a million and a half to start with." His salary here was 250-300 thousand. The man is a first-rate specialist, experienced in both civil and economic cases. It is a pity to lose such people. As you can, there are problems. Nor can they be solved in a day, a month, or a year. So, we do not anticipate an easy time of it. But then, it has never been easy for us.

West Ukraine Political Situation Portrayed

944K0350A Moscow MOSKOVSKIYE NOVOSTI
in Russian No 46, 14 Nov 93 p A9

[Article by S. Shermatova: "Stepan Bandera Street Formerly Stalin Street"]

[Text] "Everyone here is a fascist," I was informed in a whisper in Russian by an old woman, veteran of the Great Patriotic War, on Stepan Bandera Street.

They were not finished off during the war

Bandera Street was formerly called Peace Street, and before that it bore the name of the father of the people Iosif Stalin. That circumstance afforded Yuriy Shukhevych, leader of the UNA (Ukrainian National Assembly) who is well known in Ukraine, to make a sad joke: "Under the Soviets I sat on Stalin Street and the democrats are threatening to put me on Bandera Street" (the Lvov prison is located on that street). The gist of that joke is that Yuriy Shukhevych is the son of one of the companions-in-arms of Bandera, who was executed after the war by Soviet authorities. At the age of 14 Yuriy Shukhevych was arrested by the NKVD (People's Commissariat of Internal Affairs), spending most of his life in camps and losing his eyesight. Today Shukhevych is chief ideologist of the radical Ukrainian National Assembly and UNSO [Ukrainian People's Self-Defense Forces], whose fighters took part in combat in the Dniester Region and in Abkhazia on the side of Moldovans and Georgians.

UNA—UNSO is not registered just as the Social National Party which is called fascist here. An analogy with the German national socialists is suggested by the similarity of the names and also by the fact that the party crest looks like a truncated swastika. Yaroslav Andrushkyv, the 39-year old leader of the party is not disturbed by that. In a well-measured tone he explains that the swastika is a combination of old Cyrillic letters N and I, which stand for national idea and that they differ from the national socialists because they are not socialists, but subscribe to the idea of private ownership. The party credo is "Man. Nation. God." "We want for the Ukrainian people to live guided by ideas of nationalism and not Marxism, liberalism, or some other ideology," Yuriy

Kryvoruchko, deputy of Andrushkyv, pointed out. Kryvoruchko and Andrushkyv, just as many members of the Social National Party, belonged to the Rukh in the past. Andrushkyv, a psychoneurologist by profession and also a Karate expert, headed the educational-training department of Varta—Rukh security detachments. He disputes the prevalent opinion that his party has a fighting force. "At present we are not striving for power," Andrushkyv says, explaining: "It is necessary to expand the party (at present it has around 600 members) and consolidate the lower-level structures. The question is not one of gaining power. It is necessary to know how to manage and thus far we are rather weak. An ideal situation for us would be the return of Communists, who, of course, would demonstrate their faults. Or let the democrats come, who would also do nothing. After that we shall enter, and then the main task would be replacement of the entire administrative apparatus which is corrupt from top to bottom and therefore incapable of conducting reforms."

The social nationalists and the UNA—UNSO comprise the right wing of the political spectrum. They do not enjoy much popularity among the people of Lvov, even though, according to the radicals, at present, when there are sharp disputes regarding the fate of Crimea, the Black Sea Fleet, and the economic union, their ranks are growing. Yaroslav Andrushkyv stated that: "Such upheavals serve to benefit our party."

Soviets for the third time?

Anti-Soviet moods have a long history in West Ukraine. By virtue of historical factors Soviets form a link with Russia, therefore anti-Soviet moods are inseparable from anti-Russian feelings. If that circumstance is taken into account, it is not surprising that all political parties and movements—from the moderate Rukh, a segment of which supports President Leonid Kravchuk, to the irreconcilable social nationalists and the UNA, were against joining the economic union. The arguments of enemies of the economic union boil down to a single phrase: it is a new form of colonial entanglements for Ukraine. Lvov region survived the arrival of Soviets on two occasions—in 1939 and 1944. Twice they were welcomed with flowers as liberators: the first time from Poles, and the second time from the Germans. Both times the liberators brought not independence but massive repressions and deportations to Siberia. Almost every family has some relatives who were purged. After living through such a tragedy and forced Russification, the local population distrusts Russia and does not wish for a third coming of the Soviets, even in the form of a close economic union.

Activists from all parties and movements departed for Kiev at the end of September and picketed the parliament. Ukraine, however, entered the union, it is true, as an associate member which does not obligate in any way. This step taken by Kravchuk is explained by Lvov radicals as oil blackmail by Russia, but they still do not approve it and demand that parliament denounce the signed agreement.

The decision by parliament to hold early elections in May and presidential elections in June of next year were welcomed by all national democratic forces. The forthcoming elections, like a catalyst, stimulate the activity of parties and movements. Almost all of them demand that parliament adopt a law on elections providing for a mixed electoral system in which they would have the right to bring in their candidates on party slates. Parliament tends to favor the traditional Soviet majoritarian system. In any case, according to local political scientists the future parliament has little chance of becoming a professional and an effective one: political parties are weak and the current nomenklatura holds powerful positions. "Today there cannot even be any mention of total replacement of deputies and administrators, who are being retained because of all-round corruption," is the belief of social nationalist Yaroslav Andrushkyv.

To pay with callouses and sweat

Mykola Goryn, chairman of the oblast soviet, head of the oblast Rada, feels somewhat more comfortable. "West Ukraine, which became a kind of revolutionary pioneer in the struggle for independence and revival of national awareness, has to concern itself with purely economic problems. The question of independence is a question of economic independence from Russia," Goryn believes. He also opposes the economic union, considering it to be a purely political decision that would produce nothing for Ukraine on the economic plane. Furthermore entry into the union would seriously aggravate the situation, leading to a political differentiation of society into those who are pro-Russian and the isolationists. That constitutes a threat to the stability of the state. In the opinion of Mykola Goryn the principal problem is unpreparedness of society for radical reforms and the fact that they must be paid for. The chairman of the soviet is hoping that "they can be paid for with callouses and sweat, and not with blood."

Mykola Goryn, who is 48 years old, is one of those who actively preached ideas of national revival. Son of a peasant, he remembers how fellow villagers locked their doors at dusk and listened in fear: who would they come to pick up? Two of his elder brothers were jailed for anti-Soviet activity and subsequently organized the Ukrainian Republican Party, centrist in its orientation. Goryn does not support UNA—UNSO [Ukrainian People's Self-Defense Forces] radicals and social nationalists, but is also opposed to banning them. "UNA is supported by at most 100 people. How could they possibly influence society?" he states. "In a political system, however, radical wings promote stability. Parties will be registered if their charters and platforms conform with legislative requirements. To fight their ideals is easy: simply avoid the crises that nurture radicalism."

The parade of Ukrainian Insurrection Army veterans shocked war veterans who fought in the Red Army. Officially the UPA [Ukrainian Insurrection Army], which fought the Reds, German invaders, and Poles, is considered to be a bandit organization and proposals by

individual people's deputies that Ukrainian insurrectionists be regarded as a belligerent party and be rehabilitated, have been rejected so far.

It is paradoxical but Germany, which occupied Ukraine, is a friendly state, whereas the insurrectionists who fought for Ukrainian independence, failed to receive civil forgiveness and recognition of their righteousness.

Local journalists accustomed to the wariness of visiting Muscovites, assured me: "Talk to people in town and you will be convinced that Lvov residents have nothing against Russians." I did speak with them. I was addressed in a friendly manner in Russian and in Ukrainian, which is not all that difficult to understand. On Bandera Street, just as on the streets of other cities of the Soviet Union which has receded into the past, people were concerned with financial problems. On the day of my arrival the Russian ruble fetched 13 karbovantsy, while on the day of my departure it was already worth 20 on the black market.

Secrets Law Seen as Threat to Freedom of Information

944K0323A Kiev VECHIRNIY KYIV in Ukrainian
18 Nov 93 p 1

[Article by Svitlana Synyakova: "A Conspiracy Against Glasnost"]

[Text] A new dish is being cooked in the legislative kitchen. But, according to its recipe, it can hardly be called a new one. And the aroma wafting from it—like that of the recent and unforgettable times—is that of prison. To be sure, the name of this new dish is quite seemly and fine: a draft law on state secrets. Could there any doubts about something like this? Protecting state interests, instituting safeguards against divulging information which spies would like to get their hands on in order to do us harm—this is both necessary and upright!

But the more closely you become acquainted with the particular articles of this draft law, the more precisely you learn that not everything here has to do with spies. Indeed this draft law calls for Ukraine's citizens to be returned to a passive state of benign ignorance with regard to the directions being taken by our upper echelons in the spheres of foreign policy, in the economy, and with regard to what is going on in our army. For is it really worthwhile, for example, to protect against access to state secrets involving "any kind of information which would thereby violate the constitutional rights of people and citizens, and would contribute to harming the health and security of the population," when and if the Lord himself would question their guilt about these things? The president of Ukraine, the chairman of the Supreme Council, and the prime minister are supposed to be the principal state experts on secrets. Some other persons are to carry out these functions, but only at the president's behest. And so it is also only the president who will be able to alter or revoke a decision made by a state expert. The remainder concerns the matter of censors directing

the compilation of the so-called list—an enumeration of those things which people and citizens are not permitted to know. And—as we know—conversations with such executors are brief. One does not judge them nor dispute with them. Not even on those issues where it is not a matter of state secrets, but rather about information which—in the opinion of some department or another—it is worthwhile to conceal from the people. For departments have likewise been promised such a right. Only the name is somewhat different: It is called a "service secret." Therefore, virtually everything can be defined or reclassified as a secret. There is even more regarding the matter of protection. For example, according to Article 68², which is planned to be included in the appropriate code, the revelation of a state or service secret to a journalist is punishable by deprivation of liberty for a term ranging from one to three years. And if the court decides that such a revelation has caused grave consequences, the prison sentence can be extended to as much as eight years. Furthermore, the person involved can be prohibited from "writing or doing art work" for an additional term ranging from three to five years.

In contrast to this, however, those who harm the legitimate profession of a journalist are threatened with only such light punishments as the following: so-called corrective labor of up to one year, or fines amounting to as much five times the minimum wage. Attacks involving violence on journalists and their families, in extreme cases, are punishable by deprivation of liberty for two years, or a sentence of "corrective labor" and a reduction in the person's service rank.

What does all this mean? That, in any case, a person who has signed an agreement not to divulge certain information and is paid money for this can divulge it and still emerge unscathed. In contrast, however, a journalist who is not consecrated to state secrets and does not receive any money for them (on the contrary, he is paid only for whatever information he obtains which is of interest to readers) is liable to wind up on the prisoners' bench. Let me mention a familiar situation. Thus, there is a well-known service list on the Kiev Municipal Court, the head of which is H. Butenko, who has now been approved and confirmed as head of the Ukrainian Supreme Court. Perhaps the further the state proceeds in its quest for experts, it can send away to the camps and prisons "by the legal road" Vasyl Stuye and Iryna Ratushynska.... They were also condemned for what they wrote.

The closer we approach the elections, the more strongly the ruling upper echelons want to switch off the light shining on the stage of the theater of power. The Supreme Council Presidium has already prepared a draft decree according to which—beginning in December of this year—complete and direct broadcasts of its plenary sessions will be carried out solely upon the specific decisions of the Supreme Council itself. The remainder will be made available to the radio and television audience in the form of news announcements and reporting.

But some of the people's deputies, such as the well-known Vasyl Ivanovych Kozarenkov, cannot stand to vote "for" this measure. And he feels so strongly about this matter that he is demanding that the microphones be switched off immediately and without delay so that his colleagues will not utilize them in the pre-election struggle. However, it is not yet known which of the present deputies will stand as candidates for the new Supreme Council.

Nor will we put up with a defense of the Supreme Council. One of our colleagues, L. Fisyun, who is accredited to the Supreme Council by the newspaper ZAKON I BIZNES, had about ten copies of a similar publication taken from him at the entrance. For this is an indication by the press to the deputies that we will not put up with them. The less people read—they less they will know. And the less they know—they more they will vote differently.

This capital's publishers are nearing the end of their reserve supplies of printing plates. In a short time, therefore, there will be nothing for persons to take away at the entrance. Citizens will be left with only one source of news and information—a state source, i.e., officially filtered news and information.

The elections will be fine and lovely, perhaps—just like they used to be in those times for which some persons feel more and more nostalgia. But let me assure these persons that our people will not become accustomed to not having a voice or glasnost. And no one will ever accept such a road to prosperity.

ECONOMIC AFFAIRS

Kravchuk Chairs Meeting of Committee Seeking to Stay 'Crime Wave'

944K0329A Kiev URYADOVYY KURYER
in Ukrainian 30 Oct 93 p 2

[Unattributed report: "Beat Down the Crime Wave"]

[Text] As announced by the Press Service of the President and the Ukrainian Cabinet of Ministers, the regular session of the Coordinating Committee on the Fight Against Crime took place on 27 October 1993. It was conducted by Ukraine's President L. Kravchuk, who is the chairman of this committee.

It examined and considered the matter of taking measures with regard to strengthening the fight against thefts and other crimes against citizens' property. Such crimes comprise almost 80 percent of the overall crime structure; moreover, about half of them involve thefts of personal property. Nearly 500 cases wherein citizens' property is stolen are registered every day.

The population is particularly disturbed by the sharp rise in thefts from apartments. "Progress" has also been achieved already in rural localities by such crimes as the theft of cattle, household items, and poultry; during the

first six months of this year close to 9,000 such crimes were registered—as much as during all of last year.

As was pointed out at the session, the internal-affairs organs have not been able to provide reliable protection for citizens' property. Only 44 percent of crimes against property are being solved. A significant number of criminal cases are spoiled because of delays. The markets and stores which buy such stolen goods are poorly monitored and checked up on. We have not yet developed and worked out a system of preventive measures for protecting housing and property belonging to citizens.

A decision adopted by the Coordinating Committee assigned to the Ukrainian Ministry of Internal Affairs the task of implementing before the year's end several measures with regard to anticipating and solving thefts from apartments and other crimes against property. The MVS [Ministry of Internal Affairs Organs]—along with local state administrations, staffers of the housing-and-municipal-services system, and other interested persons—have to conduct preventive measures for the purpose of eliminating the causes and conditions which lead to such crimes being committed. It was recommended that a study be made of the feasibility of reviving citizens' formations or units in rural localities in order to put a stop to criminal-type assaults on housing, orchards and gardens, farms, and storage facilities as well. It was also recommended that a proposition be introduced into the Cabinet of Ministers with regard to creating in localities having a population of more than 50,000 persons of specialized subdivisions for fighting against crimes involving covetousness of citizens' property, and exempting from the value-added tax the cost of those services with regard to equipping apartments with burglar alarms.

A decision was made to place more emphasis on such "concrete" measures as, for example, expanding the networks and improving the protection of parking-places for citizens' motor vehicles, maintaining locks and communications systems in good working order, repairing and strengthening door structures and locks, as well as manufacturing up-to-date apparatus and cable products for protecting apartments.

The Coordinating Committee thoroughly analyzed the status of personnel training and recruiting staffs for law-enforcement organs. It examined a draft of the State Program for developing legal education in Ukraine.

This committee also reviewed a number of specific measures with regard to upgrading the skills of staffers in law-enforcement organs, improving their occupational, physical, and combat training, as well as improving the upbringing of the population—especially young persons—in the spirit of the law.

Likewise listened to was an account of the progress being made in the Crimean Republic and Volynskiy Oblast in carrying out the decision made by the Coordinating Committee, dated 5 July 1993 and entitled "On the

Status of Providing Protection of Civil Order, the Safety of Citizens, and Measures With Regard to Strengthening Law and Order in These Fields." As was pointed out, this work is still not being carried out effectively.

The Coordinating Committee demanded that the Crimean Republic's Council of Ministers and its local state administrations radically improve the coordination of the efforts of the law-enforcement organs, involve the work collectives and the general public in the fight against crime, decisively step up the demands on officials of the executive branch and the law-enforcement organs to carry out the decisions made by the Coordinating Committee.

Cabinet Acts To Increase Exports

944K0329B Kiev URYADOVYY KURYER
in Ukrainian 30 Oct 93 p 2

[Report by the Press Service of the President of Ukraine and the Ukrainian Cabinet of Ministers: "In Order To Increase Exports"]

[Text] In order to stimulate the export of items made in our country, the Ukrainian Cabinet of Ministers has adopted a decree on supplementary volumes of quotas for exporting goods in 1993 and exempting from quotas and licensing certain types of industrial products.

This document has approved the supplementary volumes of quotas submitted by the Ministry of the Economy for the export of grain, sugar, vegetable oil, as well as coal, certain kinds of metals and products made of them.

The following items have been excluded from the list of goods the export of which is subject to quotas and licensing: fabrics made of wool, cotton (fiber, yarn, fabric, sewing thread, and dresses), flax fiber, hemp fiber, linen fabrics, pants and hosiery items, as well as chemical threads, chemical staple fibers, and fabrics made of them.

Doing Business in Ukraine Legally Viewed

944K0328A Kiev DEMOKRATYCHNA UKRAYINA
in Ukrainian 27 Oct 93 p 4

[Article by Oleksa Kurpas: "Wash Your Hands Before Doing Business"]

[Text] The Ukrainian market, said Polish businessman Gshegosh Khayduk, is an open field. There are many opportunities there to make money. But can business be done honestly?

To answer this question I asked entrepreneurs, the police and officials. Whenever people spoke openly, they asked me not to quote them. But at Mykyta, a car rental company, I was assured that they had no problem with that, because they were honest. One could almost believe them.

1. State 'Assistance'

Let us not start with a great enterprise. Let us look at a cooperative stand. Say you have decided to open your own business to sell cigarettes and chewing gum. Go ahead, choose an appropriate name and get it registered. Suppose you spent time and effort and got your business registered. Say it took two months. Meanwhile, your competitor gave \$50 dollars and got it done in two weeks. After that you go to the police to get a stamp of approval. They start to equivocate. Do not think that they do not like you. The answer is that they are fishing for two bottles of brandy. At the notary firm, a bottle of champagne or a box of candy gets your business done instantly.

So far so good. You are filled with desire to work. You have already found workers who will build your stand in a few days. A minor detail remains to be settled: a permit for the spot. With clear conscience, you sit down and write a letter to the first secretary of the district executive committee, and the special inspection office gives you an approvals listing. Now you need to collect signatures at the architectural department, the special inspection office, the commission on the environment, etc.

In every organization, people who work there want to eat, but their salaries are not enough. Even if the commission on the environment is well-disposed toward you, you will still need \$40 to approach the city architect. At the special inspection office, they want even more, \$50. Now what you need is to get a loan, and the road to capitalism is clear.

So, you go to the bank and say:

"Give me K100 million, and in six months I will pay you back K500 million."

"Sure, but only if you first give us K10 million in cash."

And do not even think of asking for a hard-currency loan: the bribe will be at least 50 percent of the loan. Says one businessman: "Say you and I come to the bank. We both need money. You just want to borrow money and pay interest, whereas I offer a bribe. Who do you think will get the loan?"

What can you do? You pay the bribe and get the loan. But then ..

2. Greetings from Racketeers

No sooner you have opened your stand that some fellows with short haircuts turn up and say: "Give us \$30 (or \$50 for a pavillion), and everything will be in order." You refuse, and they do not seem to mind. But several days later you come to work and see that your stand has burned down. You build another stand, complain to the police, but the result is the same. And even if they catch your criminals, others will take their place. Everything will start again. You had better pay and, as the saying goes, do not trouble your head over it.

If your company is a large one, then there will be no threats or anything of that kind. Instead, an expensive car will drive up, respectable-looking people will get out of it, go into the director's office and tell you that if you want to work without problems you should transfer 20 percent of your profits to the account of such and such firm. If you do it, no tax inspector will ever find any wrong because your account books will state that it was a payment for services rendered. But suppose something makes you refuse. At first they warn you, but this does not make you change your mind. Then, you can expect a relative to be kidnapped, or they may kidnap you, or else get you killed. By the way, a contract murder now costs from \$2,000 to \$10,000.

In addition to this illegal racket, there is also state racket. Local administration will say: "We have given you a low assessment. You have to pay for this, on a monthly basis." As soon as you finished with them, the police pays you a call. They are the kind of guys with whom you may settle for chewing gum.

Once the guardians of law leave, the tax inspection comes in. Our tax code is such that the Devil himself will not be able to figure it out. But give the man a bottle, or the woman candy, and everything will be in order.

And if you import merchandise from abroad, do not forget the customs. By the way, those who are caught at customs are the ones who did not want to give bribes.

3. Honest or Not?

So, what kind of private business do we have?

In search of an answer to this question I went to Eduard Yakubovskyy, an investigator at the Prosecutor General. He handles the case of association Impeks-55 Krym. This is what I heard from him.

This case has grown to a considerable number of volumes, guilt has been proven but the case has not been closed. The criminal case 'On the Criminal Activities of Officials of Association Impeks-55 Krym and Other Business Entities in the City of Simferopol' is unfortunately typical for our business. Those pseudo-businessmen were making money out of the thin air and a lot of money it was, too.

This is how it started. On 24 February 1992, information was received that Citizen Protasova, the executive director of the Crimea subsidiary of Ukrayna AK Bank, intended to misappropriate a large sum of money. At 23 hours on the same day, the police stopped a car attempting to leave Simferopol, with Protasova's man and two other businessmen. A large sum of money was seized.

Next day, a criminal investigation was started. Entering Protasova was arrested. In the course of the investigation, it was established that cooperative Byuro-55 (Averkin, director) was involved in many financial deals. The prosecutor's office became interested in that

organization. It discovered that that business entity was an offshoot of association Impeks-55 Krym, whose board was headed by the very same Averkin. The investigation continued, and not without results. Averkin, as it turned out, also founded association PASS and limited liability company Kapers-B.

At that moment, the police and the prosecutor's office in Crimea came under pressure from other entities. What compelled the authorities to undertake this step? It turned out that restaurant Kapers-B served a number of members of parliament and Crimean leaders.

The press, too, came to Averkin's defense. For instance, the KRYMSKAYA PRAVDA published an article titled "Crimean Beria Cleans His Plumage." The title alone explains what it was about. Under pressure, the Crimea prosecutor's office appealed to the Prosecutor General of Ukraine. On 17 June 1992, Oleg Litvak, the head of the investigations department, started an investigation. New facts emerged during the investigation. For instance, on 29 June 1991, \$296,000 was illegally transferred to Germany in payment for a false contract. On behalf of Impeks, the contract was signed by Averkin, while on behalf of German partner, by the chief bookkeeper of cooperative Byuro-55, Mr. Melanyn. All this was perpetrated by men whose educational level was limited to high school and a drivers' course. Prior to this, they were working at a funeral bureau.

By the way, with the money he had stolen Averkin founded his own newspaper, the MESHCHANSKAYA GAZETA, which apparently exists to this day. Obviously, neither Impeks-55 Krym nor any of its subsidiaries produced anything and for long periods their accounts contained barely a few thousand karbovanets. Yet, since 1989, Impeks got K812 million from Protasova alone. And it was not the only source of its money.

Says police Colonel Viktor Zhvalyuk, the head of the department for combatting economic crime in Kiev: "In the first eight months of this year, the department returned to the state some K16 billion worth of property and contributed to the budget an additional K25 billion in concealed funds." Crimes ranged from speculation to grand larceny on a large scale.

This year, 3,000 private kiosks and stands have been inspected and in each of them violations have been found. Crimes of greed also occur in the state sector of the economy. Grand larceny on a large scale has occurred at plants Radiovymiryuvach and Remtochmekhanika and association Elektronmash.

4. Money Changers, "Spiders," et al.

Today, Kiev has some 40,000 private businesses. A significant number of cooperatives, commercial and joint ventures produce no goods and provide no services to consumers, engaging merely in purchase and resale of goods, illegal exports outside Ukraine and, as in the case of Impaks, misappropriation of loans after converting them into hard currency.

Great harm to the Ukrainian economy is caused by currency dealers. It is a paradox that they cannot be tried by the court since there is no relevant law. Yet, a way has been found to punish them. Every dealer that gets caught is charged under the article "On Illegally Obtained Profits," which provides administrative penalties in the form of a fine of up to 10 times the minimum wage. But this means little to them and the next day they can be found at the same place.

Says an employee of the Kiev organized crime department: "It is almost impossible to catch any of them with a large sum of money. Their *modus operandi* is as follows: the boss hires all the underlings; he has two treasurers who collect the currency and provide *karbovanets*; there are also treasurers' security guards, or "spiders," and money changers who actually change money. In emergencies, the system goes into action. The "spiders" form a live wall around the treasurer, for whom a getaway car has been waiting. The treasurer either gets into the car himself or throws in the bag with the money. Therefore, the police catches only ordinary changers, who never have more than \$100 on them at any given time. Police raids are often staged on a contract basis: sometimes, competitors or even commercial banks, either openly or not, pool together a sum of money and, based on the amount, "currency controls" are tightened."

Today, a very profitable business is the sale of foreign cars. Some 70 percent of cars sold in Ukraine had been stolen. The way it works is as follows: a German buys a Mercedes in his own country, insures it for a large sum, arranges for it to be stolen and then collects his insurance premium. The car, meanwhile, is taken to Poland and sold for a nominal sum to ex-Soviet businessmen. They pay a \$1,000 bribe, and the stolen car has a smooth ride all the way to Kiev.

And, Of Course, the Brains...

By the way, an important role in organized crime is played by some members of parliament. Especially those who are connected with some commercial entity. With their ability to know about all economic changes in advance, they make great money out of nothing. Specialists think that ahead of the new elections a real danger of political murders with economic motifs has emerged. Organized crime needs to put its people into positions of power, and it will stop at nothing to achieve this. Some people believe that the proof of ties between lawmakers and organized crime is the law "On the Struggle against Organized Crime". Its first draft was in line with international standards, but the one that was ultimately approved by the Supreme Council was, as they say, half-baked.

Says Yaroslav Kondratyev, the head of the organized crime commission:

"There are 86 international centers in the world, all working on the problems of organized crime. Nevertheless, it exists in every country. True, I am not satisfied

with the law that was passed. But is our legal code as a whole any more thorough?"

In every country, organized crime has its own special features. In Ukraine they are as follows: illegal privatization, business (legalized speculation and import and export of raw materials that are in short supply), drugs, illegal migration, environmental crimes, counterfeiting, arms and theft and resale of foreign cars. Organized crime is accompanied by corruption. As to mafia, its existence is confirmed by our credit and banking system. Much could be found if that system were investigated.

As to the Impeks case, the large size of the theft by that organization makes it atypical, but unfortunately there are several similar cases in the investigator's office and the Ministry of Internal Affairs.

Says Semen Yufa, the head of joint venture *Merkuriy*: "Insufficient legislation makes honest business loss-making. It is no secret that enterprises pay the state as much tax as they want. Commercial enterprises are happier to pay off organized crime than to pay taxes. Like other businessmen, I also walk the line between honest business and crime. The fault is in our legislation: according to some laws you are a businessman, according to others a criminal."

Says the employee of the Kiev organized crime department: "Honest business is now impossible. As a professional, I can tell you with full responsibility: mafia and business are cut from the same cloth. Paraphrasing one slogan, I can say that we have nothing to lose but the entire garment."

Currency Regulations Seen Sure To Fail

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2-8 Dec 93 pp B1-2

[Article by Anatoliy Dotsenko: "Kravchuk and the Ukrainian Supreme Council Have Come To Understand That They Made a Mistake in Trying To 'Re-Regulate' the Currency Circulation: Let's Hope That It Is Not Too Late"]

[Text] At the request of the government leaders and the National Bank, the Ukrainian Supreme Council has enacted the measures outlined below; they are aimed at strengthening state controls in the sphere of currency regulation. Their essence may be summed up as follows:

1. The National Bank has been granted the monopoly right to set the rate of foreign-currency exchange in relation to coupon-karbovanetsy, and commercial exchange rates cannot deviate from the official computations by more than a factor of 2 in either direction;
2. They revoked the privileges of enterprises and organizations which had previously been exempted from the obligatory sale to the state of 50 percent of currency

obtained from export operations (a turning aside with respect to instituting the state's privileges was not considered);

3. They revoked the validity of individual licenses for covering currency accounts in foreign banks (which does not correspond to the state's interests), with the exception of transport enterprises and organizations, which cannot get by without having currency accounts abroad;

4. Within a week's time a specific limit shall be set between the exchange rate for buying and selling foreign currency in noncash and cash operations;

5. The Cabinet of Ministers has been assigned the task of working out within a week's time a monitoring-control mechanism which would guarantee the completeness and timeliness of handling accounts in currency;

6. They have shortened the time periods for handling accounts in national currency from 90 to 30 calendar days.

Now let me attempt to explain the essence of these innovations in a normal, human language. First and foremost, about the reasons for introducing strict state controls in the sphere of currency regulation. As we know, Ukraine has a very large foreign debt and an astronomical budget deficit. The former came into being, in particular, via a lack of understanding—if not, indeed, ill-fated decisions by Kiev—in exchange with Russia, to assume the responsibility for the debts incurred by Ukrainian enterprises to Russian ones. As a result of this, Ukraine has been forced to purchase Russian rubles. And prices—as we know—are set by the seller. In and by itself, this explains the market exchange rate of the ruble for the karbovanetz, which does not correspond to the purchasing power of these monetary units, for 20 karbovantsy in Ukraine are worth considerably more than 1 ruble in Russia. And the deficit is to be explained by the rather frequent credit issuances by the National Bank via allotting state credits and subsidies under privileged conditions to unprofitable sectors of the national economy and to enterprises.

And so the problem arose of covering the foreign indebtedness and patching up the holes in the budget. Throughout the entire civilized world this is done by introducing radical market reforms. However, the effect from them is not felt at once, but rather gradually—after a great deal of patient, painstaking work. It seems that this path was not to the liking of the Kiev politicians, who made an attempt to acquire additional revenues for the budget urgently and without delay by keying on an administrative-command and confiscatory policy. Incidentally, this is the one sphere of activity where the party in power has quite a bit of experience because this was certainly the *modus operandi* for the national economy of the former Soviet Union. And we know well what it led to. But let's return to a consideration of the present-day measures.

Official Kiev took the path of least resistance. Where were they to obtain money? Of course, from the goods producers, i.e., those who know how to work and then sell their products abroad. Measure Number 1, therefore, is to take hard currency from such producers. However, in order that these producers not lose the last shred of interest in working, the Kiev politicians take only half of the currency from them. Why use the word "take"? Officially, it is a matter of selling! Nevertheless, one cannot call it anything else but "taking" when one considers the currency exchange rate set by the National Bank. For example, the present exchange rate for the dollar which has been set by the National Bank amounts to [digit illegible],000 to the dollar is only one-fourth that of the actual market exchange rate. When and if someone is being robbed, the victim has only two solutions: either to come to an agreement with the robber, or to flee. However, let's turn our attention to the beginning of this article. Point Number 2 explains that it is impossible to come to an agreement with the robber, whereas Point Number 3 indicates that one cannot flee. The revocation of the privileges mentioned here attests that everyone is to be robbed without exception. And the revocation of individual licenses for covering accounts in foreign banks makes it impossible to conceal currency abroad.

The authors of the "Additional Measures With Regard to Currency Regulation" are convinced that currency will now flow like a river into the state budget. But, in the opinion of Oleksa Pidlutsky, economic observer for the German journal entitled UKRAINE REPORT, this is not entirely the case. Oleksa Pidlutsky points in particular to one method for avoiding confiscation. For example, the director of a Ukrainian enterprise agrees with his Western partner that in the official contract the value of a unit of a certain product to be imported from Ukraine is to be set not at 200 dollars, but rather at 100 dollars. In reality, the purchasers accepts the item in question at a price of 150 dollars. Then, the Western partner keeps 50 dollars for himself, while the Ukrainian entrepreneur keeps 50 dollars well-hidden from the mandatory sale to the state.

To be sure, in the official state anti-monopoly measures it is planned to provide for an interdiction against selling products from Ukraine at prices below those on the world market. However, this is unrealistic for two reasons. In the first place, most Ukrainian items are of lower quality than their Western analogues, and—therefore—nobody would buy them at the world price. And, in the second place, the world markets have long been won and dominated by powerful exporters, and—in order to crowd them out—we must apply a great deal of effort to drive down the prices of Ukrainian products and to advertise them widely. Hence Kiev's measures, aimed at strengthening controls on currency regulations—in the final analysis—could lead not to the development or flourishing of foreign trade, but instead to its constriction.

Indisputably, Oleksa Pidluts'kyi considers that the market exchange rates for foreign currencies are significantly inflated with regard to the karbovanets, but we must extricate ourselves from this difficulty by improving and even perfecting the market mechanism, rather than by resorting to the method of administrative command. Stifling the commercial banks—something which must gradually follow from the National Bank's currency policy—will lead to an even greater development of the black market, which for a day or two was startled by the promulgation of the above-mentioned new measures, but then merely spat upon them. The market exchange rate of the dollar again rose to a range of 26,000 to 27,000 coupons to the dollar. And the lines, distinguishing marks, and edges of the official new points melted away like snow. Thus, millions of dollars still flow swiftly past the state pockets, while the commercial banks are doomed to impoverishment. However, it is they and they alone which—in the considered opinion of the experts—comprise the only system which can function normally in a currency market; and instead of expanding the sale of currency assets, taxes would have to be increased.

In the opinion of a certain Kievan economist, Leonid Kravchuk's team is behaving like a person on a rickety wooden footbridge over a deep gorge: It is afraid to go forward or to turn back to a place where the bridge has already begun to swing under their feet. The trouble is that it has to cross over the gorge, but with each step the footbridge becomes more and more unreliable. That's the way it is with Kravchuk's party in power: After having traveled halfway, it is beginning to turn back toward socialism in the economy. But whereas a pedestrian is risking his own life, Kiev is playing a game of Russian roulette with the Ukrainian economy.

Year End Economic Observations

944K0358A Lvov ZA VILNU UKRAYINU in Ukrainian
27 Nov 93 p 1

[Article by Yevheniya Romaniv under the rubric "Economic Report": "The Economic Year at the Finish"]

[Text] If we look at the summary statistical table of Lviv Oblast's key economic and statistical indices for the first ten months of this year, we will find it abounding in "minuses." Production volume has dropped 14 percent, consumer goods output—more than 20 percent. In the latter category, the output of food products has decreased by 12 percent and that of nonfood consumer item, by 30.9 percent. The oblast's builders did less work than last year. Farm output has also fallen: meat by 15.5 percent, milk by 8 percent, and eggs by 30.7 percent. The only areas in which we show modest "pluses" are in the output of grain and pulse crops and in the procurement of milk from the population under contractual obligations.

Despite the fact that the weather conditions in the spring, summer, and fall of this year in Lviv Oblast were

very favorable for obtaining high yields, only the grain farmers reported a 6.6-percent increase in yield compared with last year. Thus smaller amounts of sugar beets, potatoes, and vegetables were grown this year than last year. Especially unfortunate is the drop in the sugar-beet crop, because beets are Ukraine's gold. With no hard currency and no oil or gas to sell, we are forced to pay for everything we get from other countries with sugar.

Here is a recent example. As we know, Ukraine does not grow cotton. Yet this raw material is needed for manufacturing the most essential consumer goods. Turkmenistan sold its entire harvest of cotton to Turkey, and we were left with Uzbekistan as our only hope. But all the other former republics of the USSR are also counting on this cotton, as are other countries that are able to pay with hard currency. It is only because one of the deputy prime ministers of Uzbekistan is a fellow Ukrainian that we succeeded in concluding a contract with this country for a shipment of cotton. But we have to settle for it in sugar at an equivalent price. Therefore, if we want to wear underwear and socks, we have to drink our tea unsweetened. The seriousness of the problem becomes even more apparent when we take into consideration that the large cotton spinning combines in Kherson, Ternopil, and Novovolynsk, and their subcontractors, the knitted goods enterprises, are already subject to periods of downtime. Thus the Promin Association in Lviv works only three days per week. Thousands of employees earn paltry wages here, and there is no guarantee that they will not lose their jobs altogether.

The same situation exists throughout the entire sector. When we vent our anger at the counter because the producer is demanding a shockingly high price for a simple undershirt, we need to understand the reason for this price. Right now, underwear is still being manufactured from cotton that had cost 15-30 thousand karbovanetsi per kilogram. But today the Ukrainian-British Joint Venture in Poltava posted a new price for a kilogram of cotton—90,060 karbovanetsi, making even wool much less expensive. The Poltava enterprise knows that, given the shortage of cotton, it will find buyers despite the high price, because the knitted goods manufacturers cannot stand idle. In any event, these latter enterprises will sell their products at a price that will make up for their costs. Ultimately, the only one to suffer will be the consumer.

If it were only a matter of undershirts and socks. But those who produce wool yarn will not put up with a situation in which wool costs less than cotton. We know that often prices are not actual but comparable. The next group to take action will be those who feed us. They will ask themselves why is it that a pair of socks used to cost the same amount as two liters of milk or two loaves of bread and now cost as much as seven to eight liters of milk or four to five loaves of bread? Raise the prices of

bread and milk! Surely these products will not be subsidized forever. It is difficult to imagine what this process of producers looking back at one another will lead to unless we put a stop to it.

Unfortunately, there is no sign of any action on the part of the new government—as if we were living in an economically stable and prosperous world. The most important problems of human existence have been left to take their own course, as if to see who will win: man over poverty, or poverty over man? Apparently the government's policy is aimed at the social healing of society based on the hope that people will abandon the struggle to build a state and concentrate on struggling to survive.

Strange. Almost the only stores we now shop in are those that sell food products, because our wages allow for nothing more than providing ourselves with modest nourishment. Then how is it that in a state, whose people have empty pockets, there is such galloping inflation? Inflation, which seemingly cannot be halted by anything? Who is it that is casting sums of money into the consumer market that are dealing the final death blow to the Ukrainian karbovanets? A small group of speculators and arrivals from other countries who have transformed Ukraine into a feeding trough for themselves by speculating on the differences between currency exchange rates. Is it possible that nothing can be done about this? All that is needed is the will to do so... The situation at enterprises is also alarming. Production volumes at many of them have fallen to a critical level. For example, at the insulator plant—by 77.6 percent, at the tobacco factory—by 66 percent, at the Ukrpromdynamo Production Association sportswear factory—by 47.2 percent... The number of enterprises that are reducing their output has also risen; almost 60 percent of them have done so in the last ten months. Of 87 essential products, output of 76 has been decreased—oil, mazut, gasoline, diesel fuel, sulphur, chemical fibers, rubber footwear, metal-working instruments, truck cranes, plywood, paper, cement, ceramic tiles, and other products. Primarily because of a shortage of funds for buying raw materials, reduced demand due to high prices, and outstanding interbank settlements on accounts.

To solve all these things, we need an effective government that would make it its goal to put things in order in the country. When will we finally have such a government?

All-Ukrainian Association of Entrepreneurs President Views Financial Reform

944K0265A Kiev LITERATURNIA UKRAYINA
in Ukrainian 4 Nov 93 p 2

[Article by All-Ukrainian Association of Entrepreneurs President Valeriy Babych: "Enterprises Are Seed Capital of Reform"]

[Text] The decline of the living standard and output, as well as galloping inflation, are the main features of the

current economic situation in Ukraine. The only word one can think of to describe it is "dismal".

Unfortunately, it is not only we, Ukrainian citizens, who are unanimous in our assessment of the leadership of the state. It is sad to say that Ukraine has lost the attractive image it had at the collapse of the USSR. Dynamism has been replaced by disorientation and internal strife, and ability to work by search for scapegoats; thrift has turned into waste of equipment, output and funds.

Take, for example, the semi-annual investment risk assessment provided by the respected magazine EUROMONEY. Only a year ago Ukraine was in 112nd place on its list, but in March 1993 it fell to 145th place and now to 146th. For the sake of comparison, Russia is in 137th place, while war-torn Bosnia-Herzegovina and Georgia are in 149th and 151th place, respectively! Incidentally, six months ago, when there was still hope that our government could implement real economic reform, Ukraine was four places ahead of Russia. However, time was wasted. This time, our country scored just 22.62 out of 100 possible points. Prospects for economic growth were rated at 7.29 out of 25 points, while political risk was at 5.05, which is even worse than in Georgia. The likelihood that Ukraine could get credit at the financial markets, from banks or at the secondary debt market was put generally at zero. How did Ukraine dig itself into such a hole? Why has it fallen to the bottom of the world's classification table in the months since it obtained its sovereignty?

It would be useful to recall how the government, under the direction of the Supreme Council, prepared last spring a program to overcome the crisis. In particular, one of the working groups of the Cabinet of Ministers drafted "Measures for the Introduction of the State of Emergency in the Economy (Main Points)". Here are some of the problems that would arise if state planning were brought back, especially if accompanied by obligatory state orders, the reintroduction of monopoly on external economic activities and a ban on the sale of output through commercial networks proposed by the "Measures":

First, the state of the Ukrainian economy would continue to worsen, since after the breakdown of market ties the state would no longer be able to guarantee the supply of components and raw materials and compensate for the destruction of the systems of self-supply which have already emerged at most enterprises on a commercial basis. Second, the elements of the market economy which already function would be eradicated; this means, above all, the middlemen, including 70 exchanges doing K158.6 billion worth of business in the first six months of this year. Third, great losses would be inflicted on enterprises who have signed long-term foreign economic agreements, which would also mean further loss of trust among foreign partners and investors. Fourth, it would mean an end to the privatization process, in the implementation of which financial intermediary structures—such as trust companies, investment funds and holding

companies—must play an important role. Fifth, all bans and restrictions in the economy encourage black markets, give rise to corruption and strengthen the bureaucracy, thus leading to further impoverishment and oppression of the people. In other words, as the song goes, "our steam engine rushes forward..."

The communist steam engine wanted to ram through commercial banks, as well. And in the monetary and credit system, the government wanted to cut its subsidies and preferences for enterprises, introduce a moratorium on already approved programs to switch from direct budgetary funding to direct credit on a market basis, forbid the issuance of credits to commercial banks and appropriate a portion of credit resources for general government use. Moreover, some people in the government even raised their sights to the excess funds on correspondent accounts at banks. Comrades! Tell us honestly that, once again, revolutionary hero Sailor Zheleznyak is storming the banks armed with "Comrade Revolver". In general, some apparently think that the Ukrainian people are pining away for a new confiscatory monetary reform, accompanied by a restricted exchange of money.

It was also proposed to reintroduce price controls.

This way, the government would have completely destroyed the chance of establishing in Ukraine our own banking and monetary system. It is difficult to envision even a partial implementation of those "Measures." One thing is clear: a delayed-action bomb was being placed under Ukraine, capable of blowing up the entire process of nation-building. The introduction of the state of emergency in the economy would have caused a confrontation with other CIS nations, primarily with Russia and Belarus. Our former "big brother" has already taken real steps on the path to the market economy. We, on the other hand, having turned back, face the incompatibility of the economic structures of Russia and Ukraine.

Unfortunately, those "Measures" have not disappeared with the resignation of L.Kuchma. The inertia of inadequate attitude to the private sector of the economy has been inherited by the "new" government. It is not surprising that the Cabinet of Ministers continues to look for the causes of the economic decline of Ukraine among the early shoots of the market sector of the economy and especially commercial banking. Voices are still being heard calling not only for a ceiling on interest rates—which, they claim, cause inflation to increase—but for the nationalization of commercial banks.

The All-Ukrainian Association of Entrepreneurs has stated clearly its position and will defend the early shoots of the new. It is time to stop viewing private enterprises as an enemy and start seeing in them an ally supporting the state. Our goal is to assist the development of our Fatherland.

According to the recommendations issued by experts from the International Monetary Fund (IMF), the World

Bank, the European Bank for Reconstruction and Development (EBRD) and some other financial and economic institutions, Ukraine does not need all that much: we must recognize and legally strengthen the right to own land and means of production. This alone would encourage a sharp rise in foreign investment. But the main stress should be placed on the capital of our own businessmen.

The members of the association place their greatest hope on cooperation with the president of Ukraine. The establishment of the Coordinating Committee on the Implementation of Market Reforms and to Overcome the Economic Crisis is the clearest sign of it. I hope that along with government leaders, representatives of private enterprises would for the first time be able to influence both strategy and tactics of economic reform—i.e., those people who in the command-administrative system of the past, fighting against existing conditions, were the first to cut a path toward the establishment of a civilized, market economy.

I think special attention must be paid to the important issue of monetary reform. On this subject, as the saying goes, we cut our teeth and broke them, too. Prior to the introduction of the Ukrainian karbovanets, no hard currency reserve was created to provide funds for urgent payment obligations of the government and to stabilize the karbovanets against other currencies. Unfortunately, the same mistake is being repeated. The Cabinet of Ministers stubbornly resists the establishment of a currency reserve by the National Bank of Ukraine. The bank is being constantly accused of buying large quantities of hard currency at the exchange, thereby greatly boosting the value of the dollar. Incidentally, it is not true. We must switch to the Estonian version of monetary reform, whereby the central bank limits money supply to the value of its gold and hard currency holdings. As a result, inflation has been overcome and a stable kroon has been established. We could chose a less restrictive rule for money supply, based on partial support by foreign currency holdings: 50 percent by buying hard currency for our domestic currency, and the other 50 percent by issuing credits to commercial banks based on their statutory capital. Such a system would limit money supply based on the inflow of export income and would stabilize the national currency.

At the same time, measures must be implemented to increase the liquidity of banks and their creditworthiness. As to establishing banks with the participation of foreign capital, in my opinion, it should be based on the principle of leaving the controlling share in the hands of the Ukrainian partner.

Another issue that must be quickly resolved is the transformation of the National Bank into a true central bank of the state, not dependent either on the Supreme Council or the government but entrusted with the task of protecting the interests of the state against all and responsible only before the law. It must be freed from the lobbying pressure by various industries of the economy.

It is no secret that credits—first to agriculture, then to the coal industry, then to who-knows-whom—have accelerated the transformation of inflation into hyperinflation.

I have already mentioned one condition for foreign funding of Ukraine economic reforms, but I want to say more about this issue. When discussing the issue of outside credits and foreign investment, we must understand that aside from the needs and interests of Ukraine we must reckon with the needs and interests of the other side, i.e., foreign creditors and investors. (This may be the most important aspect of the issue.)

What do potential creditors and investors want from us? First of all, they want to be certain that Ukraine has, or at least is actively building, an economic system based on the sacred right of private property. In other words, a system which we now call a market economy. Second, they want to be certain that this transition is carried out peacefully and that we can ensure political stability in the country.

As to political stability, I think that the use of force by Yeltsin in resolving his problems on the one hand undermined further the trust of the financial community in all countries of the former USSR but, on the other hand, it presented the more stable situation in Ukraine, where political crises have so far been resolved by legal means, in a favorable light. However, this could play a positive role only if economic reforms begin immediately.

Poor prospects for improving the economic situation are defined not only by the fact that we are generally following the classic, well-tested model of hyperinflation (see, for instance, the current situation in Brazil), but also by the government's inability to prepare an economic reform program. Ukraine appears to be the only country of the former USSR that has been not been able to obtain a single loan from the IMF.

Yet, as I saw at the annual meeting of the IMF and the World Bank at the end of September, we have retained some trust in some circles. However, it is much diminished compared to the previous meeting. This was reflected in the lack of desire on the part of management of the international financial institutions to meet with the Ukrainian delegation. (They had heard all the promises a year ago.) The only high-level meeting (excluding the mostly ceremonial meetings during the general reception) was afforded to us when we delivered a personal letter from the president of Ukraine to the newly appointed president of the EBRD, Mr. J. de Larosiere. The assumption by L. Kravchuk of direct leadership of the government and the establishment of a committee on economic reform which includes representatives of the business circles were seen as the first step toward the start of broad-based economic reform. In the course of the conversation, not only the general situation in the country was discussed but also the possibility of carrying out various joint projects, including the establishment of

a major international investment bank in cooperation with the EBRD. This agreement gives us hope that we could get the load of our external finance problem moving. The only fear is that our IOUs would turn once again into empty promises.

It would be a mistake to think, however, that before the start of a broad-based financing of Ukrainian reforms by international financial organizations it is impossible to obtain credit in the West. From the very same EBRD. But it must be understood that in the West no one would give us loans only because we need them. In all cases, banks demand technical and economic calculations supporting the likelihood of timely repayment of loans. Unfortunately, in the year since it became an EBRD member, Ukraine has done practically nothing in this area. The Ukrainian Financial Group is reviewing the possibility of providing consulting services to all those who want to apply for an EBRD loan. Incidentally, this applies not so much to state enterprises as to the private sector, where 60 percent of the bank's loans will be allocated. Unfortunately, there is a problem here as well. Close to 94 percent of our economy remains in the hands of the state, and the EBRD is not the only organization that has seen little desire to privatize here.

My meetings with high officials of the World Bank convinced me that the problem of inappropriate presentation of applications on the part of Ukrainian official entities exists in this case, as well. Incidentally, no special zeal has been noted on the part of our representatives in financial organizations. For instance, Russia is actively represented by highly qualified bankers and financial experts at all levels, from directors to ordinary experts. I do not even want to talk about the fact that at all meetings of the IMF, the World Bank and the EBRD one encounters representatives of many Russian banks and other financial institutions, as they not only build business ties with Western partners but contribute to a positive image of Russia in world financial circles.

The future, especially its winter period, does not promise much relief to the people of Ukraine. The situation demands above all that hyperinflation be conquered. Besides measures which must be implemented immediately, we have drafted and sent to the president a number of urgent, special, medium-term and long-term measures to bring the Ukrainian economy out of the economic crisis.

The times demand that we take a very active part in the struggle to name candidates for the 26 March elections, in order to effect a transition to the market economy by constitutional means. In this situation we must put an end to all rifts which have spread not only in political but also civic associations of entrepreneurs. In my opinion, this is why we must start bringing together all manufacturers, entrepreneurs, agricultural workers, private farmers and businessmen. We must reject private ambitions and stop measuring each other's size and weight.

looking instead for what unites us, which is, above all, the desire to work and produce output, and build wealth for the people.

If we understood that we have only one sky, one earth, one fatherland and one state, we would find it easier to find a common tongue. Our business, and Ukraine as well, will benefit from it.

Policies Seen Leading to Economic Brink

944K0275A Kiev NEZAVISIMOST in Russian
10 Nov 93 pp 1, 5

[Article by Yanina Sokolovskaya, under the rubric "The Economy: Attempt at a Prognosis": "Funeral for Ukraine Promised by Western Experts in 2 Months"]

[Text] The latest sensation which the Ukrainian "elite" is carefully hushing up sounds like the last clang of the funeral bell for Ukraine. Since last week all foreign credit lines have been closed to the country. Without preliminary warnings to the Cabinet of Ministers. This was the official decision of the creditor countries—Austria, Italy, France, Germany, and the United States. From now on until what is happening in our country is clarified, Ukrainian projects will not be considered or will be blocked. Taking into account that the amount of aid based on the credit lines was unlimited, the loss of them is a serious blow against our ill-starred economy. One can hardly call this step an attempt to pressure the Ukrainian "provisional government"—it will soon depart without any outside help. The refusal of credits is the result above all of pragmatic considerations: there is no sense in giving money to a power which will soon vanish and not return the debt. And in the opinion of Western experts, Ukraine has only about 2 months to live.

Such are the inevitable consequences of the "wise" actions of the government, and mainly, of the president's recent edicts.

Following that yet another diligently masked misfortune befell the country—the Euoparlament stopped the program of technical aid to Ukraine.

The ex-vice prime minister and head of the Ukrainian Foundation To Support the Reforms, Viktor Pinzenik, shared these lamentable facts with NEZAVISIMOST. And he made them worse with his own prognoses—starting on 1 December transport will cease to operate in Ukraine, since deliveries of commercial oil, which make up a significant part of the energy media supplied to Ukraine, will cease altogether. Such are the obvious results of the Edict recently signed by the president "On Measures To Check the Rate of Growth in Prices"; among its points appears "before 1 December 1993 introduce state regulation of prices for petroleum products realized on Ukraine's territory." From now on it will be unprofitable to import them. This same edict which restricts maximum trade markups to 55 percent (with a monthly inflation rate of 60-70 percent) will also

lead trade to ruin—it simply will eat up trade's working capital. And goods will finally leave store shelves for the black market whose permanent clients we will be forced to become. One-third of the income which used to be received by the State will also disappear "into the shadows."

In fact talk of restraining prices when monthly emissions are in the trillions may seem absurd, but it is only one of a series of edicts of Leonid Kravchuk published last week which adjust our economy from various sides. Some of them, despite the stamp "not for publication," leaked out to the press. Others are still fated to gladden our fellow citizens.

In Viktor Pinzenik's opinion, the most "dangerous" of the fresh presidential edicts, though it contradicts existing legislation, is "On Indexing of the Par Value of Privatized Property Certificates." First it is simply a technical result of exaggeration of the working capital as a result of which 1.05 million rather than 30,000 karbovanets were due per capita. Secondly, the privatization lists have still not been compiled and, consequently, bank privatization accounts have not been opened. And, thirdly, with rampant inflation there are no grounds for privatization.

The issuance of state commodity bonds by which all of Ukraine's real estate is mortgaged for 10 billion dollars, which was recently approved by the president, buries the last hope for privatization to be conducted normally. Consequently, legal transfer of this property to another owner proves to be frozen for a minimum of 5 years. But there is a snag here—with a par value of 25 million dollars, Ukrainian industrialists and entrepreneurs, as their union reports, are still unable to buy stock. And foreign ones, as V. Pinzenik predicts, no longer want to invest money in a country which is playing unpredictable economic tricks. For that same reason we have no need to fear that shadow structures, which prefer to launder money through Switzerland, will buy up Ukrainian property.

Obviously we cannot expect an influx of currency to Ukraine from outside. Especially after 2 November, when the Edict "On Additional Measures To Refine Currency Regulation" was signed. According to it, the Ukrainian Interbank Currency Exchange [UICE] is "temporarily" closed. The buying and selling of currency is prohibited at other exchanges too and transferred altogether to the jurisdiction of commercial banks. This (yet again!) contradicts current legislation. Moreover, as the director of the UICE, Mr. Andronov, reported, the buying of oil and gas and other critical imports accounted for 90 percent of the exchange contracts. Now no deals will be made.

In addition to that, the Edict served as the cause of a new spiral of the currency mess. As V. Pinzenik believes, up to 40 currency exchange rates will now be set in Ukraine. Banks, which thanks to the state credit policy have become the keepers of the karbovanets, convert them

into hard currency which this time they will try not to sell. Importers will be deprived of access to the necessary dollars and import trade will die. Enterprises which did not wait for the fixed rate to be abolished will export their currency abroad. Exports will be blocked. This complex of economic troubles allows me to predict one more thing—a catastrophic drop in production.

Getting out of it, if it is even possible, will be very difficult. People say two more "murderous" directives are being prepared—on monopolization of exports and introduction of quotas on imports, which promise broad opportunities for corruption and enrichment of the "essential people."

Another devaluation of the karbovanets able to push production to exports and give Ukraine an influx of currency could save the situation. But the Ukrainian elite say nothing about introducing it.

Given these considerations, it is altogether possible that premature introduction of the grivna will be the closing act of the farce-tragedy. In any case no one—neither economists nor the National Bank of Ukraine—has refuted the story that the fixed rate and the closing of the exchange are steps toward a new paper currency.

Commentary

And at this time... A campaign to discredit commercial banks has begun in Ukraine; it is supposed to make them branches of the National Bank of Ukraine and use their capital to pay the debt to Russia, complete the harvest, and for other state purposes. The president of the Association of Ukrainian Banks, Aleksandr Sugonyako, announced this during a press conference of the Ukrainian Union of Industrialists and Entrepreneurs. As he said, through negotiations and pressure (in the form of tax inspection office audits) 7 percent of the deposits were confiscated from banks.

The closing of the Currency Exchange was the latest step in their oppression, and as a result there was a sharp exodus of currency from commercial banks and their assets declined to one-half to one-third of the former level. In turn receipts of freely convertible currency declined as well. Banks cannot meet clients' needs for it and enterprises are beginning to trade directly—the market which was created with such difficulty is being ruined for good.

"If an official exchange is destroyed, a black [market] exchange will appear. Countless capital will disappear to the shadow economy and be lost," noted bankers and entrepreneurs, unambiguously qualifying the activity of the government as "wrecking activity relative to the Ukrainian economy."

Donetsk Mines Curtailing Employment

944K0275B Kiev NEZAVISIMOST in Russian
10 Nov 93 p 3

[Article by Yuriy Sagan: "Alas, They Are Not Paying and They Do Not Promise To"]

[Text] The strike related to the closing of mining section No 11 continued for several days at the Mine Administration imeni Gorkiy of the Donetskgol [Donetsk Coal] Association. Last Saturday miners refused to come out to the surface. That is apparently only the beginning of an entire chain of mass disturbances by the miners: substantial reductions in staff are planned for other mining enterprises of Donetsk and the oblast too.

True, the leaders of the association call this process redistribution of work force and intend to offer the miners available jobs as construction workers, furniture makers, and machine builders—in addition to its main activity Donetskgol is engaged in producing mining machines and mechanisms, makes furniture and consumer goods, processes agricultural products, and is starting construction of its own brewery. But all this is fine for ensuring a full and well-appointed life for the miners, not as an air vent in a crisis situation.

Naturally, work on the surface which pays less than underground work does not suit the miners. But in the longwalls there are not enough places for everyone: the volume of coal mining is declining.

Neither the official trade union of coal industry workers nor the Independent Miners Trade Union has yet found efficient methods for countering the process of decline in jobs. And most likely they will not find them, for the need for this step is dictated by the crisis situation itself.

The miners are beginning to work by the tour-of-duty method at coal enterprises of Rostov Oblast. The cheap work force suits the Russian managers—our miners, unlike local ones, are willing to mine coal for 100,000 rubles, which in Ukraine they immediately convert into more than 2 million karbovanets. Not only are they not paying the Donbass miners such money, but they do not promise to.

Academy of Sciences Vice-President Backs AES Use

944K0327A Kiev DEMOKRATYCHNA UKRAYINA
in Ukrainian 27 Oct 93 pp 1-2

[Article by Viktor Baryakhtar, academician, vice-president of the Academy of Sciences of Ukraine, participant in liquidating the effects of the accident at the Chernobyl AES in 1986, certificate No. 062946: "We Cannot Survive Without Nuclear Power Stations. Why I Support the Decision of the Supreme Council of Ukraine To Lift the Moratorium on the Construction of Nuclear Power Stations"]

[Text]

1. A FEW PAGES OF HISTORY

As we know, on 21 October of this year, the Supreme Council adopted a decision to lift the moratorium on building and putting into service new nuclear electric power stations [AES]. Permission was granted to continue operating the Chernobyl AES until its technical resources are spent. The State Nuclear Supervisory Agency, the State Committee on Nuclear Power, and the Academy of Sciences of Ukraine have been charged with supervising safety at the Chernobyl AES. This decision is of great importance to solving our country's energy problems.

Let me begin by noting that Ukraine's nuclear power industry produces close to 30 percent of all the electric power generated in the country and up to 40 percent of the power produced in winter. It should be added that the power produced by nuclear power stations is twice as cheap as the power obtained from thermal power stations. Ukraine's nuclear power stations have a good supply of nuclear fuel. There is also a market for the sale of this fuel.

A great deal of work was done by both the advocates and opponents of nuclear power before parliament reached its decision. Let me list only a few facts from the last two years.

Last year, I. Yukhnovskyy, the then first deputy prime minister, held a conference of experts, at which a decision was passed to develop thermal and nuclear electric power stations in Ukraine, which fits in with the kind of energy resources that our country possesses—coal and uranium. The conference recommended developing the coal industry, an ecologically suitable method of burning coal, and energy conservation technologies.

In the spring of this year, a conference on matters pertaining to the fuel and energy complex was held at the Ministry of Energy under the chairmanship of Yu. Ioffe, the then deputy prime minister. Essentially, the same basic conclusions were reached as those at the conference held by I. Yukhnovskyy. This was the first time that the question of operating the Chernobyl AES until its technical capacities are exhausted was discussed at the state level.

In 1993, the Union of Power Engineers of Ukraine held a conference on the Chernobyl AES. Participants in the conference included people's deputies of Ukraine, representatives of the "Green" movement, and leading nuclear power engineering specialists. M. Sorokin, director of the station, reported on the situation at the Chernobyl AES. The conference concluded that it was possible to continue operating this station.

We should also add that many working meetings were held during the last two years—both at the Chernobyl AES and in Kiev—in the Cabinet of Ministers, the Academy of Sciences, the State Committee on Nuclear Power, and the Ministry of Energy. At all these meetings

and conferences, the Academy of Sciences made the following recommendations:

First. To lift the moratorium on building and putting into service new nuclear power electric stations.

Second. To complete construction of the virtually finished but frozen three reactors—at the Zaporizhzhya, Rivne, and Khmelnytskyi AES. Their status ranged from 70 to 90 percent finished, and the time needed to put the different reactors on line ranged from six months to two years.

Third. As these three reactors were put into service, to cut back the operation of the reactors at the Chernobyl AES.

The plan of operations for the nuclear power industry proposed by the Academy of Sciences for the next two to three years was aimed primarily at improving the safety level of the Chernobyl AES: the new VVER-1000 reactors are reactors of a new design with a higher safety level and a special protective shielding (as is true of all VVER-type reactors). These reactors meet international standards. They are more reliable and safer both theoretically and in practice than the RBMK-1000 reactors currently operating at the Chernobyl AES.

Another important fact. The proposed plan ensured that its implementation would not reduce Ukraine's electricity-generating capacities, but would in fact increase them somewhat. This increase could be taken advantage of when shutting down the Chernobyl AES and taking it out of service.

And, finally, the proposed plan made it possible to solve the problem of finding jobs for the specialists working at the Chernobyl AES after the shutdown of that station.

2. THE NATURE OF THE SECOND OPTION

The recommendations of the Academy of Sciences were submitted for approval by the leadership of the State Committee for Nuclear Power. The management of the Chernobyl AES was informed about them betimes. However, in the summer of this year, parliament failed to lift the moratorium. In my opinion, this decision was wrong.

In the time that has passed, a number of thermal electric power stations have sharply reduced their output of electric power due to a lack of coal, gas, and mazut. As we know, we get most of our gas and oil products from Russia. Today our country has almost no money with which to pay for these products. Meanwhile, according to the Ministry of Energy, coal reserves at 18 of Ukraine's largest thermal stations are very limited. Suffice it to say that at eight stations these supplies will be exhausted by the end of the fall-winter season unless extraordinary measures are taken.

The Ministry of Energy has calculated that we will have a shortfall of nearly 30 billion kilowatt-hours of electric energy during the fall-winter period. This constitutes 25 percent of the required amount. We are thus in the midst of an energy crisis. This means that the government will

have to cut off electricity for about an hour to all residential buildings throughout the country, substantially reduce supplies to industry, and in some branches cut these supplies in half. As we know, energy crises always result in sharp drops in the economy.

It is this worsening of the situation with respect to our energy supplies that has forced us at the Academy of Sciences to reconsider our attitude to the Chernobyl AES. The Cabinet of Ministers asked the Academy of Sciences to form a special government commission of experts to examine the problems of the Chernobyl AES. The commission heard a report from M. Sorokin, the director of the station, on the actual state of affairs at the station, on the work that has been done with station personnel, on raising the safety level, and on preparations for shutting down the station. The commission took into account that due to the use of fuel elements more highly enriched in uranium-235, the steam reactivity coefficient has been reduced several-fold and the time that it takes for the control rods [zakhysni stryzhni] to be actuate has been decreased ten-fold. Major repairs have been completed at the reactors of the Chernobyl AES. The discussion was businesslike and to the point. Academy president B. Paton took part in the work of the commission.

By an overwhelming majority (12 "for," one "against," and two abstentions), the commission recommended to the Cabinet of Ministers to submit a proposal to the Supreme Council that the Chernobyl AES be kept in operation until its technical resources are exhausted.

On 15 October, a number of questions pertaining to nuclear power engineering were discussed at a special meeting chaired by President L. Kravchuk. The meeting was attended by the deputy prime ministers; the ministers of environmental protection, economy, and power engineering; V. Yavorivskyy, the chairman of the Supreme Council's Commission on Chernobyl Matters; B. Kachura, deputy chairman of the Commission on the Basic Branches of the National Economy; and a number of specialists. M. Umanets, the chairman of the State Committee on Nuclear Power, delivered a speech and Power Engineering Minister V. Semenyuk delivered a report. Virtually all those present at the meeting expressed their opinions. A decision was adopted to submit a proposal to parliament to lift the moratorium on the construction of the Chernobyl AES and to continue operating the Chernobyl AES until its technical resources are exhausted. Significantly, none of those present at the meeting opposed this decision. In conclusion, Leonid Kravchuk instructed V. Semenyuk, M. Umanets, and me to weigh all the "pros" and "cons" once more and to submit our conclusions in writing. This we did on 18 October.

We concluded that there exist the following options:

1. To buy fuel or electric energy from Russia for the fall-winter season.

2. To lift the moratorium and continue operating the Chernobyl AES.

3. To leave things as they are, including the moratorium, and shut down the Chernobyl AES by the end of the year.

We indicated what would need to be done in each case.

As we know, the Supreme Council approved the second option.

3. HOW SHOULD OUR POWER ENGINEERING SECTOR BE STRUCTURED?

I believe that the choice of the second option was the only decision possible. It does, however, have many opponents. It is no secret that it is under attack by critics both at home and abroad. The "Greens" warn that there continues to exist the possibility of accidents in the future. They say that they will fight to shut down the Chernobyl AES. In conjunction with this, I would like to explain what rejecting nuclear power stations, and along with them removing fear of the atom, will cost the people. It will mean having no light at home for at least an hour and a half every day. Plants will have to shut down their equipment for six of every twenty-four hours, and farms will have to switch to manual work even in those instances where mechanization has been introduced. In other words, by rejecting its nuclear power stations, Ukraine's economy would be thrust back many years and the people's living standard would seriously drop. We all need to keep these things in mind. But there is another way. Leave the nuclear power stations in operation but outfit them with equipment of such excellence and man them with specialists with such high skills and moral attributes that the potential for serious accidents is eliminated. I believe that Ukraine has all the prerequisites to allow us to perform a substantial volume of such work in virtually two to three years and significantly raise the general safety level of our nuclear power engineering industry. Allow me to remind readers that this is the path chosen by France, where 75 percent of all electric power is produced by nuclear power plants. Finland has in service a reactor of the VVER-400/213 type, like the one in Rivne Oblast. Based on its indices, this station outfitted with this type of reactor is regarded as one of the best ten stations in the world.

Clearly, the proposed solution requires a great deal of highly skilled work, because it relies on one of the most sophisticated technologies in the world, and nuclear energy is a thousand-fold more powerful than chemical energy. This solution can supply Ukraine with electric power, thus ensuring the people a high living standard and securing state independence.

Naturally, nuclear power will not be the only component of Ukraine's energy complex. It will, however, account for nearly 40 percent of the electric power output capacities. There will be no more than 18 to 20 nuclear reactors in Ukraine, and their total capacity will be 18-19 million kilowatts. Close to 50 percent of Ukraine's

electric energy will be produced by thermal power stations, and 10 percent will come from untraditional energy sources. This structure of the power engineering sector is consistent with currently proven energy resources—coal and uranium. Ukraine has huge supplies of uranium and it would be foolish not to use them.

The question arises: when will the revival of the power industry begin in earnest in our country? This will take at least 10 to 15 years, because new coal and uranium mines need to be built and put into operation. Each such mine takes ten to fifteen years to build. These mines need to be outfitted with equipment, the production quality of which is currently poor. Thermal electric power stations need to be equipped with new boilers and with a fluidized bed technology for burning coal (boilers with a "boiling" level [z "kyplyachym" sharom]) that would meet ecological standards.

And so, what is the benefit derived from the decision adopted by the Supreme Council on 21 October? It offers a way out of a serious crisis and opens up opportunities for solving the problem of supplying Ukraine with energy in the future.

4. THE DOUBLE ENTRY BOOKKEEPING OF OPPONENTS

A few remarks about foreign critics. There is obviously no denying that it would be better if there were no RBMK reactors in Ukraine. But the present condition of the Ukrainian economy is such that if we were to relinquish the Chernobyl AES, our life would become even worse. And not 25-30 percent worse, but nearly twice as bad owing to the indirect consequences of this action.

Another curious aspect is the double entry bookkeeping involved in this criticism. We know that little Lithuania has two RBMK type reactors—even more powerful than those at the Chernobyl AES. Yet Lithuania is not being

criticized. Russia has ten RBMK reactors operating at the Kursk, Smolensk, and Leningrad AES. Moreover, the Kursk and Smolensk AES are located in the Dnieper basin and accidents at these stations pose a direct threat to Ukraine. Yet Russia, too, is not being criticized. Only the Chernobyl AES is the target of attacks by Western opponents.

Ukraine has a powerful scientific-technical, industrial, and intellectual potential, which will allow us to solve the problems described above within the next 15-20 years.

In conclusion, I would like to tip my hat and bow low to the collective of the Chernobyl AES. Despite continual moral pressure and the extremely difficult conditions of today's ruin, you have remained steadfast and not scattered in search of easy money. I wish you health and success for the good of Ukraine.

List of Items Exempted From Import Duties as of 1 November 1993

944K0332A Kiev URYADOVYY KURYER
in Ukrainian 4 Nov 93 p 2

[Decree No 881, issued by the Ukrainian Cabinet of Ministers, dated 27 October; place not given: "On Exempting Certain Types of Items From the Imposition of Import Customs Duties in 1993"]

[Text] In order to stimulate the presence and availability of certain types of items in our country, the Ukrainian Cabinet of Ministers hereby **decrees** the following:

Items listed in the appendix attached hereto shall be exempted from the imposition of import customs duties as of 1 November 1993.

[Signed] Yu. Zhyhlyskyy, acting prime minister of Ukraine

I. Dotsenko, minister of the Ukrainian Cabinet of Ministers

Appendix to Decree No 881, Issued by the Ukrainian Cabinet of Ministers, Dated 27 October 1993

List of Items To Be Exempted From Import Customs Duties in 1993		
Item name	Item code	Exemption
Aluminum ores and concentrates	26.06	
Surface-active, organic substances intended or not intended for retail trade	34.02	
Accelerators for vulcanizing rubber, ready-made items; plasticizing compounds for rubber not named elsewhere; antioxidant mixtures and compounds, and other stabilizers for rubber and plastics	38.12	
Phenol tars	39.09	40,000
Coal tars, coumarone, Indian, coumarone-Indian, and polyterpenes	39.11	10,000
Natural rubber, balata, gutta-percha, guayule, chicle, and other analogous natural resins, in their primary forms or in slabs, sheets, or strips	40.01	

List of Items To Be Exempted From Import Customs Duties in 1993 (Continued)

Item name	Item code	Exemption
Synthetic rubber and factice, obtained from oils, in their primary forms or in slabs, sheets, or strips, product mixes indicated in Item Position 40.01, along with products in the given item position in their primary forms or in slabs, sheets, or strips	40.02	
Parchment of plant origin	48.06	10,000
Pergamyn	48.06	40,100
Kraft paper, bag-type, reinforced, compressed or non-compressed, perforated or non-perforated	48.08	20,000

[Signed] I. Dotsenko, minister of the Ukrainian Cabinet of Ministers

INTERNATIONAL AFFAIRS

Friction With Russia on START Analyzed

944K0395A Kiev MOLOD UKRAYINY in Ukrainian
7 Dec 93 p 1

[Article by Vitaliy Portnykov, correspondent: "Why the Russians Are Irritated"]

[Text] The severe reaction of the Russian government to the latest decision by the Ukrainian Supreme Council with regard to ratifying the START-I agreement could, of course, lead to a new crisis in bilateral relations and a worsening of the situation within the CIS. And so, why are the Russian politicians so irritated? Without commenting here about the already sufficiently discussed decision by the members of the Ukrainian parliament, let us remind our readers that this very topic of nuclear disarmament was Moscow's trump card in the many rounds of Ukrainian-Russian negotiations. Because of the very fact that both parties here were not able to reach agreement, their negotiations took on an international context. That this was not merely a matter of nuclear weapons is attested to by the following eloquent fact. The "correct" stance assumed by Kazakhstan and Belarus was always being pointed out to Ukraine as an example. That is, until relations between Russia and Kazakhstan became worse—and then it was explained or clarified that not everything with regard to Kazakhstan was so splendid either. At least, these were the two former Soviet republics—Ukraine and Kazakhstan—which were cited at the latest meeting of the Russian Federation Ministry of Defense as those which have not yet settled their "nuclear relations" with Russia. And Kazakhstan's President Nursultan Nazarbayev—stunned by the Russian government's refusal to transfer the new Russian rubles to his country for exchange, and compelled to temporarily introduce a national currency—now blames Moscow for ruining the system of collective responsibility for the nuclear weapons of the former Soviet Union. And, indeed, such a system did exist at the very beginning of the CIS, but Russia's Ministry of Defense has done everything it could to keep nuclear weapons under its own jurisdiction. To tell the truth,

there is nothing at all to hide in this matter—neither in Ukraine nor in Kazakhstan. There was a struggle for influence between the USSR's last minister of defense, who subsequently became supreme commander of the Commonwealth's combined armed forces, Marshal Yevgeniy Shaposhnikov, and Russia's first minister of defense, General Pavel Grachev. As we have seen, this struggle ended in a victory for the general; moreover, the Russian military lobby was unable to present Kiev with the gift of independent conduct.

For Moscow the polemic with Ukraine is a good enough argument for the surprising struggle by the Russian leadership against the possible expansion of the NATO bloc by adding the countries of Central and Eastern Europe. This week the director of Russia's Foreign Intelligence Service, Yevgeniy Primakov, and an adviser to Russia's minister of foreign affairs, Galina Sidorova, let it be understood that Russia perceives such an expansion without its own participation as a threat to its own security. In Moscow, as well as in the Eastern European capitals, consultations are continuing on this score. But together with this—as it has become known from well-informed sources—Russian diplomats have requested their Eastern European colleagues to "use their influence" on Ukraine so that the latter will be compelled to ratify START and the Lisbon Protocol without any reservations. Thus, a new image of Russia is being created—that of a guarantor of Eastern European security. Along with this, in anonymous conversations Russian diplomats do not hide what they consider to be responsible for the above-mentioned Ukrainian decision.... The West would certainly not be interested in seeing a strengthened Russia play a particularly important geopolitical role. An interview containing such passages appeared, by the way, not just anywhere, but in the columns of DIPLOMATYCHNA PANORAMA, and the INTERFAKS News Agency—which are well-known for their close, personal relations with the Ministry of Foreign Affairs. It can be easily understood that this statement was certainly not uttered by some second-level clerk. In any case, Andrey Kozyrev intends to discuss the problem of Ukrainian ratification during his own meeting with U.S. Secretary of State Warren Christopher, which will take place quite soon. As can be understood, this will be done in order to make this matter one of the principal ones on the agenda for the upcoming meeting in Moscow between President Boris Yeltsin and President Bill Clinton.

Of course, unless Moscow is able to make its point and convince Kiev of its integrity right away, it will be very difficult for it to "move matters forward" in Eastern Europe—whether politically or economically—and this has also been mentioned in the Kremlin. But it is understood that an aggravation of Ukrainian-Russian relations against the background of the misunderstandings over the Russian ruble—which have made serious

opponents out of President Nursultan Nazarbayev and President Islam Karimov—would not provide stability for the CIS. At the Ashgabat Summit of CIS leaders we could already become witnesses to some unexpected coalitions and unanticipated steps by Russia. On the CIS chessboard some very important moves will take place by the pieces involved in the discussions of nuclear and currency issues.

MOLDOVA

Minister, Economist Debate Course of Reform

Certan Sees Economy on Mend

944K0269A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 16 Oct 93 p 2

[Article by Sergiu Certan, minister of the national economy, corresponding member of the Republic of Moldova Academy of Sciences, doctor of economic sciences, and professor, under the rubric "Counterpoint" and overall title "Doctors Give a Diagnosis": "The Patient Is Recovering: The Economic Reform Is Working"]

[Text] It seems to some people that this assertion is bold, perhaps even unjustified. I understand why. The socio-economic situation in the republic remains tense and ambiguous. Many external and internal factors are having an impact on it, a negative impact unfortunately, but even so the latest statistical data confirm that radical structural changes have begun in the economy and it is on the threshold of a decisive stage of acceleration and intensification of economic reform. The decline of the economy has to all appearances stopped and we are at the start of a stage of stabilization and revival of production. According to predictions, 1993 may be the first year after 3 years of steadily dropping production where we will be able to stop it and begin, step by step, the slow and difficult ascent when we can achieve a very modest but real rise in the indicators for the level of the macroeconomy, assuming, of course, that no unforeseeable catastrophic situations arise. The Government whose activity coincided with the peak of the crisis managed to keep the situation under control, and now everything will depend on how we take advantage of the opportunities offered by the period of stabilization.

Economic reform is the crucial issue today.

Let us turn to figures and facts. Let us take, for example, the nonstate sector. While on 1 July 1992 there were 5,000 individual enterprises registered, by 1 July 1993 there were 10,600 of them registered; the corresponding figures for joint stock companies were 215 and 373, for limited partnerships—7,200 and 10,900, and for peasant farms—284 and 2,400.

Positive changes also occurred in the area of attracting foreign investments. In the first half year, 42 mixed enterprises registered and thereby the number of them reached 233. The share of foreign investors in the capital stock of these enterprises exceeded 47 million U.S. dollars.

Foreign investors with world names began to show interest in our republic, which is convincing evidence of Moldova's greater prestige abroad and the confidence of our Western partners in the stabilization of the socio-economic situation in the republic.

Liberalization of foreign economic relations has been carried out in general outlines. Thus, while on 1 January 1992 there were 2,474 economic subjects participating in them, on 1 July 1993 the figure was already 3,925. In practice any economic subject, regardless of the type of ownership and form of economic activity, may become a participant in foreign economic relations without great difficulty or expenditures.

Some successes were achieved in conducting agrarian reform too. The necessary legislative and normative enactments were adopted and the main organizational measures to introduce them were performed. So-called small privatization has been completed in the agrarian sector. Transferred to the ownership of citizens were 316,000 hectares of land. A full inventory of land resources has also been completed and the land subject to privatization has been determined—1.9 million hectares (63 percent) plus state land resources—1.1 million hectares (37 percent).

Temporary certificates for the right of private ownership of land are being issued. Lists of citizens who have the right to a share of equal-value land are being compiled and their share has been determined. Work to determine the share of ownership of agricultural enterprises owed to participants in privatization is in the completion stage.

By the middle of the year, more than 160 production cooperatives, 70 joint stock companies, and 2,400 peasant farms had been registered in the republic's agrarian sector. Reorganization of agricultural enterprises continues.

Last year the legal basis of the market economy was markedly simplified.

The Government assumed the main role in legislative initiative. Fifty percent of the economic laws have been adopted and approved at a meeting of the Government, and some of them have already been adopted by the Parliament, for example the laws on the fundamentals of the tax system, state regulation of land ownership, the land cadaster, and monitoring, on resolution of individual and collective labor disputes, on labor contracts, and on labor payment, the customs code and the customs tariff, on privatization of housing resources, on public property bonds, and others.

During the realization of the Program of Activity of the Government for 1992-1995, 30 edicts of the republic's president and 110 important Government decrees of an economic nature were also issued. Another 15 draft normative enactments are in the completion stage.

The Government has taken all steps to get the privatization process moving.

In order to prepare for privatization and to demonopolize the corresponding sectors, in September 1992 the Government adopted a decree which was used as the

basis to liquidate rayon trade associations and associations of directorates of stores and public catering combines, as well as self-governing territorial enterprises. As a result more than 500 new trade enterprises with the right of a legal person and 150 independent subjects were created in the personal services system.

In accordance with the presidential edict, the first experimental auction to sell state property using bonds took place on 9 October of this year. The privatization of small and average-sized objects of the trade and services sphere will be extensively conducted in October and the bonds of members of labor collectives will if they desire be exchanged without competition for the stock of these enterprises.

The first auctions for buying and selling stock of some large enterprises, for the most part for public property bonds, will take place in November.

The privatization of a large part of the housing fund is to be conducted in the first quarter of 1994, and taking into account the results of the first stage, there will be major privatization in September 1994 and in addition the draft Privatization Program for 1995 will be formulated and presented for ratification in Parliament. This very tight but realistic schedule was reconciled in detail with the International Monetary Fund and the World Bank. The Government assumed responsibility for fulfilling it.

In accordance with the Program of Activity of the Government, a packet of normative enactments focused on supporting, defending, and regulating entrepreneurship was adopted: the Edict of the president of the republic "On Support of Entrepreneurship and Small Business," three normative enactments regulating leasing, and others. The draft Statutes on the Fund for Supporting Entrepreneurship and Small Business and provisions of the investment funds have also been formulated, and the draft State Program of Support of Entrepreneurship is in the completion stage. Nonstate enterprises have received the right to freely acquire output of state enterprises.

The Government is devoting a great deal of attention to regulating monopoly activity and developing competition. Price regulation for the basic types of output of monopoly enterprises was introduced on the domestic market. In developing the law "On Limiting Monopoly Activity and Developing Competition," a packet of draft normative enactments has been formulated and includes a provision on examining cases of violations of antimonopoly legislation and the procedure for examining petitions to create associations of enterprises and to create and administer the State Register of Monopoly Enterprises. Work is being completed to create this register. The Government plans to formulate the Comprehensive Program To Demonopolize the Republic's Economy.

Implementation of a set of measures to prepare to introduce a national currency is generally complete. The process of introducing this currency at the appropriate time from the standpoint of the macroeconomic and

political situation will be implemented in strict compliance with recommendations and with the great financial and organizational support of the International Monetary Fund and the World Bank.

The creation of a market infrastructure is an important direction of economic reform and consolidation of market relations. There are 6 commodity exchanges operating in the republic and through them 1,871 transactions totaling 981 million rubles [R] were made in 1992. The stock market is in the developmental stage; it is difficult to exaggerate its importance in the process of large-scale privatization. An interbank currency exchange has been created.

The Parliament adopted the laws "On Circulation of Securities and the Stock Market," "On the Tax on Securities Operations," and "On the Emission and Circulation of Bills of Exchange" and the draft Rules for Investment Funds and the draft Law "On the Pledge," which is to be completed in September, open up broad opportunities for developing the infrastructure of the securities market.

One of the most complex areas where economic reform is taking its first timid steps is the social sphere. The reform of this sphere, in accordance with the Conception and Program of Transition to a Market Economy in Moldova, had to be implemented at a slower rate—after radical, fundamental reforms in the sphere of material production were realized in order to lower the social cost of the reform. But because of the delay in the reform in certain key areas and the reduction, by almost half, in the volumes of production in the material sphere, the burden on the material sphere for supporting the nonproduction sphere has doubled—this is something that cannot be justified. Therefore the reform of the social sphere, the transition to providing paid services, and transformation of relations of ownership must be significantly accelerated.

During this period the Government implemented the transition to a Unified Wage Rate System for Budget Sphere Employees. Reform of labor payment in the production sphere has been carried out. It is based on a minimum wage whose amount is periodically reviewed by the Government as a result of negotiations with trade unions and patronage.

A mechanism of social partnership has been created. In March 1993 the General Agreement Among the Government, the Federation of Independent Trade Unions, and Patronage Organizations was concluded and a trilateral commission is in operation. The procedure for determining the minimum consumer budget has been approved and the draft decision on certain measures to prevent mass unemployment has been formulated. Additional steps have been taken to protect pensioners and disabled persons, children, and low-income families.

The Supreme National Certification Commission, the State Agency To Defend Industrial Property, the National Bureau on Standardization, the Authors'

Rights Agency, and other structures of an independent state have been created. The nonbudget fund for financing scientific research and planning and surveying work has been created and the first Moldovan engineering park, called Moldinocentru, is in the creation stage.

In reforming foreign economic relations, a major direction is their liberalization, gradual reduction in the share of set-quota and licensed output for export, and replacement of the quota mechanism with a tariff mechanism for import and export. The first steps have already been made in this direction, quotas for a number of goods have been canceled and some restrictions for intermediary economic subjects have been removed, a plan for tariffs on exports and imports has been submitted to the Parliament, and the use of quotas for output exported on freely convertible drafts and on energy resources has been canceled.

Work is being done to substantiate and design free enterprise zones on the basis of a law recently adopted.

In this way, an objective analysis of the course of economic reform suggests that a reform being conducted in accordance with the Government's Program is underway on a broad front, observing in broad outline the time periods mentioned by the Program, while the successes achieved are apparent and unquestionable. At the same time, however, the rate of the reform is very irregular in different spheres. Along with the indisputable achievements there have also been many shortcomings, mistakes, and costs, especially in the area of privatization, reform in the social sphere, the mechanism for managing state enterprises, the reform of the banking system, and the development of the securities market. The low level of executive discipline, coordination, and cooperation among various structures in managing the economy and the failure to provide satisfactory training and information to cadres and the population in general in the area of economic reform make it difficult to implement.

At this time, when we are at the start of a decisive stage of systemic transformations and acceleration of their course, we must substantially increase the effectiveness of organizational work on all levels.

Even late last year the Ministry of Economics had formulated a prediction of socioeconomic development where on the base of a fundamental analysis it was suggested that the crisis would reach its peak in the first half of 1993 and a certain revival would be observed in the economy in the second half. The dynamics of the main macroeconomic indicators of recent months are convincing proof that the prediction has for the most part been confirmed.

Economist Details Continuing Problems

944K0269B Chisinau NEZAVISIMAYA MOLDOVA
in Russian 16 Oct 93 p 2

[Article by Sergey Yevstratyev, doctor of economic sciences and honored economist of the Republic of Moldova, under the rubric "Counterpoint" and the overall title "Doctors Give a Diagnosis": "A Fatal Outcome Is Not Ruled Out"]

[Text] No one can accuse the minister of economics of incompetence. Even when he says exactly this: "Statistical data confirm that radical structural changes have begun in the economy and it is on the threshold of a decisive stage of acceleration and intensification of economic reform. The decline of the economy has to all appearances stopped and we are at the start of a stage of stabilization and revival of production."

Truth is concrete but figures are cunning. Taken for analysis, they demand a systematic approach. Let us see how they characterize yesterday's and today's economy for 8 months in 1992-1993—the minister of the national economy analyzes the very same period.

As those who give reports like to say, crop farmers have done a fairly good job. They gathered 48 percent more wheat, 56 percent more fruit, and 27 percent more tobacco. True, they made a mess of vegetables. The vegetable harvest was down 26 percent.

It is a different picture with animal husbandry, alas. Twenty-five percent less meat than last year was produced, 31 percent less milk, 43 percent fewer eggs, and 34 percent less wool.

The index of national output produced was 105.6 percent in industry. It seemed one could rejoice, but quietly. However, 226 enterprises, or 52.8 percent of the total number, lowered production volumes.

And that is in all sectors. Let us make a structural analysis. Let us take the externally best looking sectors of the Ministry of Agriculture and the Food Industry. The food industry produced 31.3 percent more output in comparable prices. But the production of the major types of foodstuffs declined by 10.6 percent not counting the value of alcoholic beverages.

There was 37.1 percent less meat received, 41.9 percent less sausage, 52.9 percent less animal fat, 10.3 percent less flour, 25.7 percent less groats, 39.1 percent less macaroni items, 8 percent less fruit juices, 37.7 percent less nonalcoholic beverages, 12.1 percent less beer, and 11.9 percent less canned meat products. As we see, our table is not getting any fuller.

Was there perhaps more strong drink? In fact the wine-making industry, the pride and joy of the republic, produced 31.2 percent more output. But 11.2 percent less wine and 8.4 percent less cognac was produced. The

overall growth was achieved through a 1.9-fold increase in production of champagne, that is to say, by changing the assortment.

Overall light industry looks fine. There was 9.1 percent more of its items produced. And again that repulsive "but"! There were 73 percent fewer nonfabric materials produced, 31.2 percent fewer stockings and socks, 19.8 percent fewer knitted items, 31.2 percent fewer shoes, and 10 percent fewer garments. The silk combine, which produced 48.8 percent more output than in the 1992 "war" year, when it was idle, "carried" the sector.

There is an equally alarming situation in other sectors.

Production of such major types of output as electricity and heat energy, devises and means of automation, tractors, machines for animal husbandry and feed production, synthetic lubricants, plastic, bricks, and precast reinforced concrete fell.

Things are no better in construction. The volume of contract jobs declined from 32 to 45 percent at the different ministries and associations.

There is nothing to boast about in transport either. The volume of freight shipments declined by 54.6 percent while motor vehicle and aviation passenger traffic declined by almost one-half.

There is nothing to be proud of in trade either. Retail commodity turnover fell by 19.5 percent. The reason is simple: the average wage increased by a factor of 7.7, but the free consumer price index increased by a factor of 12.5.

Overall in the republic expenditures exceeded income by a factor of 8.8.

The efficiency of labor is falling even in sectors which are increasing production volumes. Thus, 57 percent and 9.4 percent more washing machines and televisions, respectively, were produced. During the August sampling, in one day 10/19ths and 5/8ths the former level of them, respectively, were produced.

In August 1993 alone, 100,300 man-days of work time were lost. Of them 99 percent were because of disruption of cooperation ties. It is not difficult to figure how many billions of rubles that cost.

Mr. S. Certan's article rightly notes that a great deal in the young state has been done in formulating market legislation. But even so it does not cause great optimism.

More than half of the subordinate enactments on entrepreneurship contradict laws, while in some cases there are contradictory provisions even within the framework of one enactment.

For example, the preamble to the Law "On Privatization" states that it is applied with privatization of state property. But in the same law Article 4 speaks of privatization of kolkhozes.

Are kolkhozes not state property?

Contradictions affect crucial laws. Laws such as those "On Property," "On Entrepreneurship and Enterprises," "On Leasing," and "On the Foundations of the Tax System."

The rights of entrepreneurs are constantly violated.

Mr. S. Certan writes that work to determine the share of ownership of agricultural enterprises owed to participants in privatization is in the completion stage. But this work has in practice not begun. And the procedure approved by the Republic of Moldova Government Decree No 600 of 21 September 1993 is methodologically wrong and only confuses the matter.

The procedure requires that a share of ownership be distributed among suppliers in accordance with the proportion of agricultural raw materials supplied by them before 1 January 1992 in monetary terms figured at current prices of realization for the corresponding period of at least the last 5 years.

First, it is incomprehensible how comparable figures can be provided by years in summary amounts if current rather than comparable prices are used.

Second, why is 1992 not taken into account?

Third, how will the sample period be determined? To some people 5 years is advantageous, to others—10 years, and to yet others—15 years.

So, must we vote?

Fourthly, there are no restrictive indicators related to termination of deliveries of raw materials and so forth.

The mechanism for attracting foreign currency to the country's economy has not been formulated. The lack of reliable protection for foreign investors does not promise a favorable future for them. Bilateral agreements on the state level on protecting investment and on eliminating dual taxation are needed.

The investment funds named in the State Privatization Program according to the definition given there receive the right to exchange BND's [public property bonds] for their own stock. But under the Law BND's must be invested in state objects being privatized rather than in the stock of private enterprises. Such a thing is allowed in Russia but not in Moldova.

Not everything is justified and comprehensible with leased enterprises. On the one hand, they ended up on the list of enterprises being privatized. On the other hand, the mechanism for realizing this decision is not shown, since legislative enactments adopted earlier have not been rescinded.

The infatuation, general and mandatory, with just one organizational-legal form—"creation of joint stock companies"—reminds me of the recent formulas: "... power

(just not clear what kind) plus making joint stock companies throughout the country." While leasing is more comprehensible and closer to most working people, and more flexible, since it teaches them to become the master not by a sharp uncircumspect leap away from common ownership to private but gradually, when possible smoothing over the painful points of material responsibility of private ownership. In this case privatization based on leasing and using buy-outs becomes a higher stage of the process. But Decree No 284 of 21 May 1993 "On Ratifying the Statute on the Lease Contract" adopted by the Republic Government does not allow this to be done.

The State Property Fund created by decision of the president and defined by decision of the Parliament as the owner of state property is still outside privatization. It has no representative on privatization commissions being created at enterprises. By decision of the Republic of Moldova Government, representatives of the State Department on Privatization and ministries are included in these commissions, but not representatives of the State Property Fund. And the ministries and the department, without being representatives of the owner, lease out enterprises within the department's jurisdiction.

Let us deal with certain other problems touched upon by the minister of economics.

The author clearly exaggerates the role of commodity exchanges in our economy's infrastructure. The transition to direct barter in fact led to their inaction in 1993. They are failing in the literal and figurative senses.

Unfortunately, the stock exchange, the engine of the market economy, will not soon begin to operate. There are no open joint stock companies in the republic and a secondary securities market is only dimly visible. Unfortunately, the substantial, skilled assistance of American consultants is for now in vain.

In our opinion, the appeal for expanded paid services in the social sphere rather than expanded social guarantees is throwing fat on the fire of social tension. In our country the ratio of pensioners to working people is 1:1. Lowering the pension age by 5-10 years as compared to the progressive countries as adopted by the Parliament is an impermissible luxury that will cost many billions of rubles.

The author clearly exaggerates our successes in foreign economic activity. The overwhelming majority of joint ventures are Moldovan-Romanian; they sell goods and provide services to themselves, having branches in both countries and evading taxes.

Incidentally, things are incomprehensible with the customs code. What kind of a document is it if entrepreneurs are unfamiliar with it?

Inasmuch as the presidential Edict on Support of Entrepreneurship does not have a direct effect, very little has been done in accordance with it.

The Law on Antimonopoly Activity has been in existence for 2 years, but it is not being introduced. Prices for goods produced by monopoly enterprises have been declared purely formally. Has the Bukuriya Joint Stock Company ceased to be a monopoly in the confectionery industry?

Not one major enterprise has been broken up, although there are more than enough opportunities to do so. Many of them are specialized and territorially separated. For example, the association Styaua roshiye.

Most machine building, electronics, light industry, and construction enterprises are on the verge of bankruptcy. Their equipment is wearing out and breaking down but there is no possibility of replacement. The industrial cadres which were trained and cared for through the decades is disappearing. Billions and years are needed to restore it. Industry has not only ceased to be competitive, it is falling apart before our eyes.

In the economy systematic control and management on the republic level have been lost. Perhaps except for the Ministry of Agriculture and the Food Industry.

There is no substantiated concept of structural policy on the national level. A program of restructuralization is lacking. There are questions with many unknowns: Where should credits be directed? What should be used to assemble the budget? What enterprises should be closed and what ones should be opened and what market are we oriented to? Not much is expected of us in the Western market, and in the Eastern market—Parliament does not permit it.

Clearing up finances should precede privatization. Enterprises must first of all be cleared of debts and when possible technically strengthened. Whether we want to or not, emphasis must be put both on sectors working on local resources and less dependent on outside factors, and on intensive technologies which use manual labor.

The first experimental auction to sell state property for bonds had more political than economic significance. Many sectorial agencies of the State Department on Privatization proved to be simply unprepared to conduct it. There are large financial barriers. Before he receives the stock of an enterprise being privatized, a bondholder must pay an average of R30,000.

An extremely alarming situation has taken shape in the republic's finances, and it is very dangerous not to direct attention to this. For they are the essence of economic processes. And the situation is such that it is time to use surgical intervention. Therapy, even shock therapy, will no longer help. The state's budget is empty and the deficit ratified recently by edict of the president of Moldova totals R112 billion, or R25,000 for each inhabitant.

Moreover, the Government has a debt of R71 billion borrowed from the National Bank to support unprofitable state enterprises. This also puts the burden of rising prices on the population's shoulders.

In the last 3 months, the inflation rate has been at least 34 percent, or more than 1 percent a day. Citizens simply do not want to have anything to do with a government which deliberately encourages inflation. Total tax evasion and corruption are flourishing. Private business is openly moving to economic opposition to the authorities. The shadow economy is gathering strength.

According to official statistics, in August alone about 40 billion personal coupons were not returned to bank cashiers. In other words, the population's expenditures (based on cashier turnover) exceeded income by a factor of 8.8. That is something to think about! This money simply wandered off to the untaxed circulation of the black market. Judging by all the signs and the analysis done, we can still not hope for normalization in Moldova's economy. It is of course much simpler to make a depressing diagnosis than to propose the needed medicine. But there is such a medicine, though a bitter one. There is no need to think of a new one. The recipe is well-known—it is freedom of enterprise with a strict state monetary and credit policy. Not to do this means to bring the fatal outcome closer. And in the meantime our economy's sick organism is sweating.

Why let that happen?

Official Refutes Accusations Against Seabeco-Moldova

944K0268A Chisinau MOLODEZH MOLDOVY
in Russian No 39, 19 Oct 93 pp 4-5

[Interview with Vladimir Kolesnichenko, first vice president of Seabeco-Moldova Joint-Stock Company, by Roshka; place and date not given: "There Are Things Which Can Be Talked About, Then There Are Things Which Must Be Talked About"]

[Text] Born in 1949 in the Keushen Rayon of the Republic of Moldova. Always dreamt of becoming an engineer and builder. That dream first led him to a construction GPTU [expansion not given] and then to the Chisinau Polytechnic. He started in production, but was soon noticed by Komsomol activists and invited to do Komsomol work. Subsequently served as business manager of the Central Committee of the LKSMM [Lenin Young Communist League of Moldova], then becoming director of the Republic Youth Center, and in 1988 was appointed director of the Oktyabr Hotel, the very same one which several years later was destined to become the Seabeco-Moldova Hotel.

[Roshka] At the editorial office we once tried to determine what or who is brought up most frequently and covered in our press. Snegur? Yes. High food prices? Yes. Corrupt ministers and deputies? Also, yes. In recent months, however, the attention of almost the entire mass

media has been focused on your joint-stock company. This in light of the fact that it would appear that all has already been said and described. An impression forms that what was said and described is not quite the whole story. Thus far the people know nothing about you or your enterprise. Some say: "Yes, they are thieves just like those entrenched in the Parliament." Others shrug, saying: "The devil knows. Since they are not being arrested..." All this, I repeat, despite everything that is being written and said almost every day. How do you explain that?

[Kolesnichenko] There are two answers to this. The first one: a number of branches of the mass media, without belaboring themselves too much with journalistic research and studies, provide reprints from foreign sources. Mainly from Russian ones. In that sense I believe that the Seabeco-Moldova Joint-Stock Company has fallen victim to political (or virtually political, it does not matter) intrigues. Do you recall the sensational revelations of that disgraced General Kalugin? When he was asked whether the KGB really has a special department engaging in the dissemination of disinformation, he answered directly that such a department does exist. "It engages specifically in discrediting individuals and organizations, disseminating anonymous leaflets and false rumors. Materials are selected to fit a certain version which are then slipped to a Western correspondent, and later we read that material in our newspapers as coming from foreign print media." This is what General Kalugin, who broke with the KGB, writes. He also talks in that context about the lamentable fate of the well-known ANT firm. "The fact that the exposure of ANT was inspired by the organs is beyond doubt. This involves opposing political forces. You know at what a high level the operation of ANT was sanctioned now imagine what level is involved allowing the inclusion of KGB in its undoing. As a result, a setback for the government, while the country fails to receive 35 billion rubles in imported goods. Such is the price of political games."

This is frankness. If the ANT name is removed from the text and replaced with Seabeco, in certain aspects the text will be true for our time as well. For some light to be shed on the commotion around Seabeco we must probably wait for the retirement of some other KGB general.

Now for the second part of the answer. A number of other newspapers provide clearly subjective information about us. Supposedly everything that is being said about Seabeco as a whole and about Seabeco-Moldova in particular, is untrue. These publications do not indicate where that truth lies or how it looks. Some newspapers are attempting to defame us, not manipulating with concrete arguments and facts, while others, on the contrary, seem to be trying to take our side, but at the same time ignoring concrete facts and evidence. Quite understandably, neither the former nor the latter are doing us any good. We are not offended by anyone, however. We understand very well that our press, striving for real

freedom, is also not experiencing of its best days. In time everything will fall into place as the truth emerges.

Still... I sometimes ask myself the following question: why is it that our television, the most accessible and effective of all the mass media does not come to us, produce a truthful and objective film, a report, or conduct an investigation of the activity of the Seabeco-Moldova Joint-Stock Company? Our joint-stock company is probably the only economic structure in Moldova which is operating as if under a microscope. We are being checked by everyone from the republic procurator's office to the territorial tax inspectorate practically every week. Such a check was conducted just recently and according to certain voices heard in Parliament, it is already necessary to prepare for the next one. Well, we are ready. Thus, it is possible to become acquainted with the results of these checks both in our office and at the checking establishments. So, avail yourself of that, esteemed journalists. Come to us together with the procurator's office personnel, come before or after it—we are open to all. But say only the truth about us. Bitter or sweet, but the truth. You know, there are things about which it is possible or impossible to talk. There are things about which it is simply necessary to talk. Many probably believe that we, the Seabeco-Moldova Joint-Stock Company workers have got a good position here, that we have a very powerful patron, and we have no concerns. That is not quite the way it is. For most of us work with the Seabeco-Moldova Joint-Stock Company is not a routine, but perhaps a key stage in life. Inasmuch as this stage is subjected to constant analysis it would be desirable for it to be as objective as possible.

[Roshka] I understand. First of all, let us explain for our readers what is the Seabeco-Moldova Joint-Stock Company? A hotel? A firm?

[Kolesnichenko] First of all, the firm. It came into this world on 15 October 1991 in accordance with a decree of the government of the republic which proclaims:

"The Seabeco-Moldova Joint-Stock Company is to be created in the city of Chisinau with the participation of Seabeco International and the State Bureau of the Republic of Moldova;

"Establish the share of the State Bureau of the Republic of Moldova in the charter fund of the joint-stock company at 35 percent and that of the Seabeco International firm at 65 percent.

"Authorize the Seabeco-Moldova Joint-Stock Company to conduct retail trade and perform services for national as well as for freely-convertible currency equated to it;

"Import materials, equipment, food, consumer goods, and other items into the Republic of Moldova;"

This is essentially the entire extent of activities engaged in by our firm. The second component of the joint-stock company is the hotel which is a part of my own fate.

[Roshka] Excuse me for interrupting, but you are accusing the press of not always presenting an objective view of our joint-stock company. At the same time those 35 percent of the charter fund, which initially belonged to the State Bureau subsequently migrated over to the Department of Privatization. Why is that kept a secret?

[Kolesnichenko] Why do you believe it is specifically we who have to inform the public about what was decided in government circles? Anyway, is it a secret?

[Roshka] Thus far neither the government nor the opposition press have written anything about that. At the same time there is an interesting element here. Why were the shares of the State Bureau given specifically to the Department of Privatization which many associate with the Social-Democratic Party, about which it is said that it is heavily subsidized from abroad and that its representatives may be seen at the Seabeco-Moldova Hotel as often as at the Department of Privatization.

[Kolesnichenko] Those who believe this, of course, are deceiving themselves. The mentioned party has nothing to do in this case while changes in the share participation are brought about by the fact that in accordance with former Soviet laws government structures did not have the right to own shares. As a result they were transferred to the Department of Privatization. The fact that a number of individuals from the Social-Democratic Party are working in that department is pure coincidence.

[Roshka] This fact, which, we hope, has no relation to the Seabeco-Moldova Joint-Stock Company, will be studied further. But let us return to your case. Do you recall how the path of personnel of the Oktyabr Hotel happened to cross with that of Boris Birshteyn? By that time you were already the director of that hotel and, as far as I know, reconstruction and repairs were in full swing.

[Kolesnichenko] Yes, they were under way. While we, the entire collective, headed by myself, were steadily moving toward certain bankruptcy. I will remind you that this occurred in 1991 when the Soviet Union was not just creaking at all seams, it was already being talked about in the past tense. We were facing a credit debt of some three million American dollars which we, of course, got from the Moscow Vneshekonombank. Time had come to repay that debt while ties with the republics were already being broken. In addition to that the republic treasury as well as our own pockets were completely empty. It was at that point that a certain citizen of the U.S.A. Tomesku came to us and with modesty peculiar only to him, declared that he was purchasing the Oktyabr Hotel with all of its debts and the repair and construction work. We were pleased with the appearance of Tomesku as if he was the Saviour himself. But for reasons that are known the transaction did not take place. We again fell into despair. Then, quite unexpectedly another buyer appeared—Boris Birshteyn, whom no one was prepared to take seriously after the fiasco with Tomesku. Particularly since he strolled through the hotel

for only five or seven minutes after which he said: "I will take it." Only God knows why he made that statement. But, jumping ahead, I will say that Birshteyn saved us from inevitable bankruptcy. Without his participation the republic would not have this luxury hotel today which is the best in this region of Europe.

[Roshka] You say—"The republic would not have this luxury hotel." In fact it actually does not own it. Some 65 percent of the shares belong to a foreign capitalist, while 35 percent were transferred either to the party or to the department.

[Kolesnichenko] No, that is not so. Both the hotel and the firm are already earning considerable profits for the republic budget today and will be doing so in the future. But those 35 percent, however, could really be lost since Parliament included them on the list of enterprises subject to privatization. Someone will buy, but who? It may very well be, however, that the buyer is already known and specifically because he is known, the state share of Seabeco-Moldova was included in the privatization list.

With the aid of the figures given below you will be able to see that there is no reason to sell those 35 percent of the state share.

1. NDS tax—15 percent = 300,000 (to Republic of Moldova budget)

Balance = 1,700,000

2. Expenditures:

3. Maintenance of the joint-stock company = 800,000

We establish earnings at 1,000,000

Profits tax of 25 percent = 250,000 (Republic of Moldova budget)

Balance of funds = 750,000

Dividends:

Republic of Moldova (35 percent of 750,000) = 262,500

15 percent tax = 300,000

Profits tax = 250,000

Republic of Moldova revenue = 812,500 (62.5 percent of 1,300,000)

Total share of the firm: 65 percent = 487,500 (37.5 percent of 1,300,000)

Note that on the basis of operational results for 1993 dividends going into the budget of the Republic of Moldova and to the firm are reversely proportional to the initial figures. As they say that is a minor matter, but one of some significance.

[Roshka] There are rumors that B. Birshteyn himself is planning to sell his share. To whom and why?

[Kolesnichenko] I understand, for example, why. But to whom I do not know. Even though these are all rumors. Some buyers and sellers appear over here each day. Our hotel appeals to many, but I do not think that Birshteyn will sell it after all.

[Roshka] You have been working there for five years already. You initiated the repair and construction work which was completed under your management. What is the difference between the Hotel Oktyabr and the Seabeco-Moldova hotel complex?

[Kolesnichenko] The Oktyabr was an ordinary hotel for first secretaries, while Seabeco-Moldova is a luxury hotel meeting all of the international standards. Reconstruction costs are estimated at 4,299,900 American dollars. We connected the former building of the city Komsomol committee to the main hotel building along with some other ancillary buildings as a result of which we got 3,079.4 square meters of additional area. A basement with a swimming pool and a hall was built, along with a vestibule, a hall, and a casino, an annex to the hotel and the restaurant, etc.

I do not dare take up your time with stories about how difficult the reconstruction itself was. An entire book could be written about that.

[Roshka] Excuse me but who patronizes your casino?

[Kolesnichenko] Anyone who is interested in that occupation since gambling in a casino really is an occupation, a profession. First of all, there are our guests, secondly, the city residents, third... in some countries gambling is prohibited by law and there are many willing to win (lose) large sums in one evening. Such fervent professionals have lately started visiting us. I must confess, we are very, very pleased to see them. This is serious business.

[Roshka] Do you gamble?

[Kolesnichenko] God forbid! Not because I do not want to, but because I have no right to do so.

[Roshka] I will ask you another delicate question. Rumors are heard (I have no intention of checking them out) that there are young women in your hotel who do what may be called double duty. Some hours they work as waitresses in the restaurant and later entertain certain venturesome guests. Also a kind of business...

[Kolesnichenko] Gossip! Gossip!

[Roshka] Are you saying that this occupation is prohibited by you?

[Kolesnichenko] That is quite correct.

[Roshka] Of course you must be aware that the Communist Party of Moldova announced its rebirth. Are you concerned that one day the Communists will file a claim against you asking for the return of the hotel as their property?

[Kolesnichenko] No. I am not concerned. After all the Communist Party never had its own property. It existed exclusively on dues. I also believe that we are still building a law-governed state, and not a state of coercion based on the law of the jungle.

[Roshka] Seabeco-Moldova leaders frequently and insistently state that B. Birshteyn invested a lot in his Moldovan enterprise but thus far has not gotten anything out of it. What do you think? Why should he engage in charity, philanthropic work? Or does he have some interests unknown to us?

[Kolesnichenko] Of course he has interests. What businessman would work without some long-range interests? But I would prefer to answer your question with a quote from an interview given by Birshteyn to the IZVESTIYA newspaper. "That stage when a person passionately wants to make money, Birshteyn has passed a long time ago. But just as many very rich people Birshteyn would clearly like to also be a politician. He did not turn out to be an ameliorator. Failure of attempts to reconcile Yeltsin with Rutskoi and Khasbulatov by the head of Seabeco was the last drop." Continuing the thought of a well-known correspondent, I will say that Birshteyn, as a native of the former USSR, dreamt of putting together the fragments not of the political but the economic empire, and as befitting a very rich person, invested considerable efforts in that undertaking. Of course, with

the consideration that those efforts would eventually bring him perceptible dividends. Yes, he was unable to reconcile the political leaders of Russia, but does this mean that the main dream of Birshteyn is not being realized? After all, we know so little about big business!

P. S. The material was ready to go to press when I met an old acquaintance. He informed me with an amazing knowledge of the matter, that Boris Birshteyn is a triple agent, that is he is working at the same time for the CIA, the MOSSAD, and the KGB. I laughed: a triple agent. Really! My old acquaintance predicted a sad end for the Swiss billionaire. "Sooner or later, such individuals are eliminated." For the first time I felt an unexplainable sense of uneasiness. No, there are no relatives of mine working at Seabeco-Moldova, but 273 people are working there and they are totally unsuspecting as to who it is that controls their fate. Most of them, of course, earn a good income and lead a childishly carefree existence. But as paradoxical as it may appear such good fortune could come to an abrupt end. That could be the result of some fatal error. As a result the victims could be not only those 273 Seabeco workers, but a totally new and a vitally important field of our activity—a big and serious business which our government is treating with total indifference. There are certainly enough of those who would like to prompt the commission of such an error, but one does not see nor hear about those wishing to prevent it.

ESTONIA

**Prime Minister Laar On Tasks Accomplished,
Future Problems**

944K0314B Tartu POSTIMEES in Estonian 5 Nov 93
p 2

[Article by Prime Minister Mart Laar: "What Has Been Done, What Remains To Be Done?"]

[Text]

More than a year has passed from the day the first constitutional government of the post-war era took office. It has not been an easy year. We have been through several crises, some of which (the banking crisis) threatened the stability of the Estonian kroon and economy; while others (this summer's crisis in Narva) posed a direct threat to the very independence of our state. Well or not so well, Estonia has overcome them all.

A lot of things could have been done better, of course. Many of the crises were brought about by the government itself. At the same time, there has been no doubt in the progress made by Estonia.

We have managed

at least as well, or actually even better than most of the Eastern and Middle-European states, not to mention the former Soviet Union. This does not mean, however, that Estonia's difficulties are over.

The damage done over a period of 50 years cannot be fixed in one. Maintaining a stable economy and a balanced budget requires an effort from the whole nation. When it comes to different kinds of support, the state cannot spend as much as is expected, or as much as is needed.

This is hard to get used to. During the Socialist era, people were not required to stand up or make decisions for themselves. Today's era, however, places completely new demands on us. Thrusting from a congealed but stable society into a modern society of risk has shattered the world for many people.

The same processes are taking place in all Central and East-European states. Just as the Polish economy was beginning to emerge from the crisis, the electorate passed a vote of no-confidence on the government that carried out the reforms, and replaced it with former Communists. According to Suchocka, what antagonized the voters most was the gulf between economic growth and the prevailing emptiness of their pockets. Initially, only a small portion of the society will benefit from economic progress, thus making it a source of added social tensions.

Basically, we have the same situation here in Estonia. The economy seems to be picking up, but the standard of living is going up slowly or not at all. But this is all Estonia can afford. The state budget for 1994 is open to

all. The government challenges anyone to find the extra money there for increasing pensions or social support payments. But there is none to be found.

The Situation Could be Improved

by guaranteeing the flow of taxes into the state treasury. Instead, the taxation law passed by Riigikogu [Estonia's parliament] is being shuffled between the parliament, the president and the State Court. Without the law, however, it is hard to guarantee the collection of taxes. Of course, the law alone is not enough, the work of the taxation office will also have to be improved considerably. At the same time, we have to keep in mind that this problem is also plaguing countries that are much more developed.

There has been much talk about increasing subsidies to agriculture. Leaving aside the question if this is the kind of help the Estonian farmer needs, it is clear that there is no such money in the budget. Everyone who talks about increasing some expenditure or another, must show where this money is to come from. Whether we want it or not, we are all sitting in the same boat, the rocking of which will cost dearly to all of us.

What is one to do? The key to Estonia's development is in the rapid development of its economy. And that is also the course charted by the government's plan of action for the immediate future. One should realize, of course, that the development of the economy depends largely on the development of the state as a whole, its legislation, its stability and its security. It would be pointless to expect vast economic strides in a banana republic. This is why the government's efforts must be applied in all directions at once.

The primary problem in today's Estonia has turned out to be the

Fight Against Crime

and guaranteeing rights-and-justice within the society. The people may be willing to accept a rapid layering of wealth within the society, but only if they are convinced that the wealth has been acquired through honest dealings, and not by some contrived acquisitions of property, shady deals or other such. In this context, the biggest failure of the current government has been its inability to undo the many cases of contrived acquisitions, and to arrive at a court solution favorable to the state in the matter of economic crime.

Even though Estonia's scope of legislation has expanded over the past year, and reform of the judicial system activated, most of the contrived acquisitions were carried out according to the laws and decrees in force at the time, which saw nothing wrong in this kind of activity. To make good on what happened, and to restore justice is therefore complicated, but the government is not about to give up. But alone, without the clear support of the society, it will be very difficult to accomplish.

Same is true of crime. Here, too, legislative and judicial reform, and stepping up police work are not enough. Without the active participation of the people in solving the state's problems, we will be getting nowhere. Alienation from the state has gone too far, most people cannot tell the state apart from the former Soviet Union. The government of Estonia suffered the same kind of labor pains in the early 1920's, when it became evident that independence does not mean a land of milk and honey, absolute truth and justice, an immediate flowering of culture and science but, above all, hard and strenuous work to build up and hold on to independence.

The Government, On Its Part,

must take concrete steps to protect its citizens and to strengthen the organs of law enforcement. Laws regulating border guard activity will have to be passed, the criminal code will have to be expanded, the court reform will have to be advanced, and the recently passed law on expelling illegal aliens will have to be implemented.

The other priority direction is speeding up ownership reform and privatization. To do that, a greater share of the proceeds from privatization will have to be channeled toward implementing ownership and land reform for the coming year, as laws continue to be perfected. If ownership relationships are not worked out, both the privatization and economic development will be slowed down. It would be difficult not to agree with the position of the League of Lawful Property Owners, who maintain that it is possible to speed up the return of property considerably, even under the existing law, by "applying the pressure method." But that can only be done if pressure on local governments is increased from below.

Estonia's economic condition will not improve without the rapid development of enterprise. This is also the objective of the proposed tax reform, designed to lower the taxes of business enterprises considerably, and to introduce a uniform 25 percent proportional individual income tax.

To Stimulate Enterprise

a sphere of activity will have to be created for it by laws. We also have to keep encouraging foreign investments in Estonia. Foreign loans, however, should not be used to carry out populist programs, the cost of which would be left to be borne by future generations, but they should be refinanced through the banks. The government deems it necessary to pass a new enterprise law and an accounting law, as soon as possible, and to complete work on the entire commercial code.

Achieving these goals will naturally call for continuing a strict monetary policy and maintaining a balanced budget. The independence of the Bank of Estonia will have to be secured, because that is the best guarantee for following Estonia's line of economic policy. Economy must be practiced at all state institutions. If we are poor we must also be able to admit it. This is why, quite frankly, I don't understand the efforts on the part of the

presidential office to increase its budget. I can well understand that the president's office needs decent, imported furnishings, a modern electronic security system, and other such items, but the state's budget simply has no money for such.

Things are complicated even more by the fact that radical reforms have inevitably increased

Social Tensions in Estonia.

Even though reform-oriented Estonia's standard of living is clearly higher than that of countries proceeding at a more cautious pace, it is still a sorry consolation to an Estonian lamenting about his meager purse. The gulf between wealthy and poor families is widening. The changed situation calls for a re-arrangement of social policies, putting an end to hand-outs, and concentrating on helping those who really need it. Before the year is over, we have to start restructuring the system for child support, improve the retraining system for the unemployed and lend them initial capital for starting their own enterprise; make credit available to young families, and offer housing support and assistance to those living below the poverty line. Including the number of children in calculations for a tax-free minimum will also be a change for the better.

At the same time, we have to realize that none of us can live beyond our means. This is true of Estonia as it is of each and every one of its citizens. Yet, we don't have to go far to hear comments along the lines of: "I am so poor I can no longer buy gasoline to go to my summer house."

At any rate, all reforms will be pointless if we cannot maintain stability and peace in our state. The only way to avoid

Transitional Confusion

is to move toward a civilized society and a law-based state, no matter how complicated the demands for these seem to be. Mentioned below are only a few of the areas in which we have to move along fast. From working out the laws, the government will have to switch to implementing them.

The task of the government is to guarantee Estonia's survival in today's turbulent world. To guarantee its security, Estonia must integrate itself into Europe, at the same time preserving its OWN truth and justice, its OWN face.

All of this is easier said than done. It is also clear, that no matter which government or faction will lead Estonia through its current difficult situation, it will not have a chance to make populist or easy decisions. A promise to solve all of Estonia's problems in one fell swoop would sink Estonia in no time. A year ago, in my first speech as prime minister, I promised "work, toil and tears." Even though the end of the tunnel has clearly come closer during that first year, it is not possible for me to promise you anything else today. This is the only way to go.

Prime Minister Laar's First Year Assessed

944K0344A Tallinn RAHVA HAAL in Estonian
3 Nov 93 p 2, 4 Nov 93 p 2

[Article in two installments by Tiit Pruuli: "A Year of Mart Laar's Government"]

[3 Nov p 2]

[Text] A year has just passed from the day when the first constitutional government of the Republic of Estonia came into office. While a year ago it was predicted that the government will be short lived and that it would quickly collapse, the actuality has disproved these views. Estonians did not suffer from cold and hunger over the winter; they survived and solved the banking crisis and the Narva and Pullapää crises. In the international arena, Estonia has become a special kind of model for all nations undergoing reforms. The current administration has stayed in power in the newly independent Estonia longer than the previous administrations of Edgar Savisaar and Tiit Vähi.

Taking a look today at the administration's achievements as well as at its shortcomings, it would obviously be wise to analyze them within the framework of the promises that were given at the time it assumed control—that is, on the basis of the coalition agreement and the platform speech made before Parliament. These did not promise a rapid improvement of the living standard, but, rather, a lot of drudgery, hardship and hard work.

So it has been to a great extent. With hard work and self denial, Estonia has paved the way toward a more secure future. The macroeconomic goals set forth by the administration have been achieved or even surpassed. The Estonian kroon has managed to remain firm and stable, inflation has gone down each quarter. People have become so used to the stabilization of the economy that they think that it all happened by itself, without any effort. In order to promote the Estonian kroon and the economy, the Bank of Estonia and the administration have had to do a lot of work which, unfortunately, would be noticeable only if something went significantly awry.

So, what has been promised and what accomplished? In taking a look at the coalition agreement, it is clearly evident that most of the concrete promises contained therein have been fulfilled. Inflation has been lowered, due to a strict monetary policy, and the budget has stayed balanced. In order to balance the budget, revenue earned from state property has been increased and subsidizing unprofitable production has been discontinued. An estate law (in the coalition agreement referred to as the real estate law), forming the basic part of the civil code, has been passed, together with other related laws, as well as antitrust legislation. Before long, the consumer protection law and the insurance law will be passed. Finally, work is in progress on laws relating to the commercial code.

The administration has refrained from protectionist measures and, by this means, has assisted in a considerable increase of exports. There has been progress in attracting foreign investments to the Estonian economy. A law has been passed which allows foreigners to buy land in Estonia. A new law on tariffs has been passed and implemented and, giving rise to the establishment of duty free warehouses. Transit trade through Estonia is developing rapidly. This has resulted in a slowdown of the fall of production and, in the last months, in some indications of an onset of industrial improvement.

An energy conservation program has been initiated. In order to convert power stations to local fuel, credits amounting to over EEK 70 million[kroons] were appropriated this summer.

The administration was able to comply with the collaboration program concluded with the IMF. In the IMF annual report, Estonia is mentioned as the most successful state within the former territory of the Soviet Union. The same rating was given to Estonia's development last year by the World Bank.

Up to now, government has processed all the tax reform laws, the budgetary law, and the tax regulating law. They correspond to the written provisions in the coalition agreement, which take into account the number of children in a family when calculating the nontaxable minimum, and set forth a proportional income tax for a single person. The administration has also imposed an excise tax in Estonia on imported goods that are subject to it.

The status of the circulation of currency and of banking has been normalized. The independence of the Bank of Estonia is backed by law and the activity of commercial banks has been effectively controlled. This has increased confidence in the banking industry.

Government has taken steps to accelerate property reform by issuing numerous regulations and presenting to Parliament amendments to laws. Laws regulating large scale privatization have been formulated and ratified. Hopefully, these laws will enable privatization to be expedited and will prevent scandals caused by their absence or inadequacy.

In rural affairs, agricultural reform, which had been painstakingly protracted, has been concluded and laws regulating land reform have been passed. Loans with lower than average interest rate have been extended to farmers and to enterprises doing business in rural areas. A development loan has been appropriated for especially depressed areas (Southeast Estonia). Outright subsidies for agriculture have been discontinued. Privatization of enterprises processing agricultural products has been announced, for which there is a preference for cooperatives.

The administration implemented, immediately upon coming to power, a governmental reform, reducing the number of ministries by one-third. Fundamental

changes have taken place in the government apparatus. Officials unable to accomplish their work have been dismissed.

Also fulfilled have been those provisions of the coalition agreement that pertain to the reform of the legal and the judicial system. Laws needed to implement local self government reform have been passed and they have begun to be executed. The majority of regulations dealing with citizenship laws, as promised in the coalition agreement, has been enacted. Just recently, Parliament was presented with a new cultural autonomy law. The reorganization of the border guard has progressed. The Estonian defense force has changed beyond recognition and has, pursuant to the coalition agreement, begun to use arms that correspond with NATO standards.

The coalition agreement has also been the basis for reforms in the social sphere. An explosive growth in unemployment has been avoided, and a system guaranteeing the retraining of the unemployed is in the process of being created. The law pertaining to the living allowance has been passed. Pursuant to the coalition agreement, government has refrained from sharply raising the retirement age. The law governing labor contracts has been amended. Government support is determined by the economic conditions of the needy. A law has been passed for collective bargaining and for solving labor disputes. The law on professional associations has been amended.

The Estonian foreign policy has become more active and purposeful during the past year. Estonia has become a full member of the Council of Europe. While maintaining close contacts with the Nordic countries and the Nordic Council, Estonia has decided to sign a free trade agreement with the Council of Europe and is joining with as many of their programs as possible. Even more notice should be given to our collaboration with the Central European countries, from which we can acquire commercial and trading partners as well as experiences on reforms. It is essential for us to integrate with the European security system and to collaborate with NATO and the League of Western Europe.

[4 Nov p 2]

[Text] At the same time, there are things in our program which remain to be done or which are at a stage where no real breakthrough has been achieved for their completion. These are areas to which government must pay a lot more attention than before.

Let us begin with the promises on which government has indeed moved ahead, but which, for one reason or another, have remained unfulfilled. The first one to be mentioned is the withdrawal of Russian troops from Estonia. Although the number of foreign troops in Estonia has decreased significantly, their complete withdrawal is still uncompleted. A more rapid progress in this area would have been possible only if the administration had made significant concessions to Russia. However,

government will not do that. Consequently, definite results have not been achieved in safeguarding the rights of Estonian citizens in areas under Russia's jurisdiction.

Even greater problems prevail in guaranteeing the population's feelings of security. On one hand, there is no doubt about the strengthening of the Estonian border guard and the police. On the other hand, crime has increased even faster, becoming the number one problem for the administration. Even though the law pertaining to the internment of illegal residents of Estonia has been presented to Parliament, passing this law will not, by itself, improve the situation.

In principle, the same situation exists in the spheres of property reform and privatization. Although a lot of work has been done during the year, for the time being government has only managed to create a firmer legal base for the implementation of property reform and privatization. There has been some progress in property reform and privatization, but it has not been swift enough.

The main shortcoming in fulfilling the coalition agreement has been the slowness in effecting changes, that is, the delay in effecting promised reforms. Even though tax reform had been promised in the coalition agreement for 1993, it will become entirely effective only in 1994. The same with privatization of apartments. One reason for its protracted delay was a constitutional debate between the parliament and the president. Local self government reform will become effective later than planned. Foreign experts have indeed stressed that the execution of the aforementioned changes within a year is a fantastic achievement and no one has accomplished this so fast, but viewing this from the Estonian perspective the protracted delay of reforms is, unfortunately, still a black mark against the government.

But now, to facts. Which are the promises in the 14-page coalition agreement that are clearly not fulfilled:

- the civil service law, which is being at the moment coordinated by the administration, has not been passed;
- the revenues of self-government have been subject to an excessive tax rate; [Estonian sentence unclear]
- compensation for fuel expenses does not yet match the expenditures sustained by a tenant for fuel conservation;
- the enterprise law has not been passed (it will be presented to Parliament within the next two months), nor has the contract law (it will be presented in the first months of 1994);
- the ten largest monopolies have not been liquidated;
- the accounting law has not been passed (it will be presented during this year); in spite of improvements in tax collection, there are serious problems in the work of the bureau of internal revenue;

- government has been unable to assume complete control of its property;
- large enterprises have been sold, so far, at relatively closed, not public, auctions;
- in privatizing apartments, government has been unable to observe promised deadlines;
- the government program for the creation of a modern infrastructure in rural areas is still being drafted;
- all the promised steps have not been taken in solving the problems of the Northeast Estonians;
- government was unable to establish census registries in townships by the spring of 1993;
- child support for the first two children is not yet related to the parents' economic conditions; the appropriate draft law will be sent to the government this year;
- the savings of young families have not been put into circulation—this will take place, not by means of a tax increase, but through foreign loans during this year; [unclear]
- state journalism has not been completely privatized;
- laws pertaining to funds for cultural affairs and non-profit organizations have not been passed; they will reach the government within the next month;
- it is unclear what portion of the national revenue should be allocated to science; evidently government has not been able to keep to the promised 1.5 percent.

It is up to everyone to decide whether the number of uncompleted objectives is small or large. In any case, after two months the above-mentioned list will be even shorter. In comparing the fulfillment of the coalition agreement, which formed the basis for the work of M. Laar's administration, with E. Savisaar's three-times-three program, or with the program of Tiit Vähi's administration, even the most partial observer can testify that the percentage of fulfilling the coalition agreement is very high.

That does not mean that things could have been done better and faster. The administration has more than its share of problems. The biggest problems are the fight against crime and the acceleration of privatization and property reform. Clearly unfulfilled are people's hopes for just treatment in different lines of work. The administration has not been able to attract people into government. Alienation from government has increased rapidly, reaching the so-called average European level.

However, the most painful strike against the administration is the gap that has developed between people's expectations and reality. Even though, upon assuming office, the administration avoided giving pretty promises, the clearly improved macroeconomic indicators have instilled in people an expectation for a fast rise in

the living standard. Unfortunately, a rise in the living standard is possible only if the strict monetary policy and the preferential attention given to business development are abandoned. Estonia's economic conditions are still poor. In the European framework we are an abnormally poor country. However, we will become rich only through our own drudgery and work. By feebly whining and lamenting *a la* "why don't we live already like people in Finland or Sweden," we will not move forward.

Of course, there is still sufficient room for improvement for the administration's work. New directions are being implemented in a new plan of action, which will form the basis for the administration's work next year.

Luik Assesses 14th Round of Talks As More Productive

944K0346B Tartu POSTIMEES in Estonian 18 Nov 93
p 1

[Article by Olav Kruus: "Estonian-Russian Delegation Found That Withdrawal of Russian Troops From Estonia Will Improve Cooled Inter-Nation Relations"]

[Text] Defense Minister Juri Luik, heading the Estonian delegation in Estonian-Russian talks, called the new troop withdrawal deadline suggested by Russia a step toward a positive development in the Estonian-Russian relations. "Both sides agreed that troop withdrawals would improve inter-nation relations which had, in the interim, begun to cool," indicated Luik.

Yesterday, the Estonian-Russian 14th round of talks was concluded at Lohusalu, during which the Russian side suggested August 31, 1994, as the final deadline for Russian troops to leave Estonia. The Estonian government will make a decision regarding this deadline at today's session.

Yesterday at Lohusalu, Juri Luik said that this time the Russian side was in a more constructive state of mind than during the previous rounds of talks. In Luik's opinion, this was due to the international attitude regarding the presence of their troops here. The position taken on Monday by the General Assembly of the United Nations and the United States' \$160 million foreign aid package are significant factors which Russia is inevitably forced to consider, indicated Luik.

The Russian side tried to present additional conditions for troop withdrawal. These had to do with the building of apartments for the military and with the military pensioners living in Estonia. However, Estonia's position was that troop withdrawal should not be linked to additional conditions. "The Russian side had to agree with our position that these problems should be discussed in the course of future talks, after the deadline for troop withdrawal has been agreed upon," Juri Luik indicated. According to him, it remained unclear whether or not the offered deadline would encompass the dismantling of the Paldiski nuclear installation.

In the course of the talks, an agreement was signed pertaining to the standardization and the protection of cultural valuables.

Peep Pillak, the managing director of the national archives, told "POSTIMEES" that the agreement pertaining to archival and cultural valuables is a framework agreement for reciprocal protection, which allows Estonia to retrieve museum objects and archival material that have been taken out of Estonia, including KGB documents.

Yesterday, a framework agreement was signed, establishing general principles. A document reflecting more concrete demands will be drawn up by an intergovernmental commission.

An agreement pertaining to borderline territories was also discussed. Estonia is not willing to sign it.

Jüri Luik said that, at present, maps issued by local governments are used at the border. These are not quite legal, which is the reason for the need for a border agreement. "We cannot come to an agreement regarding the location of the Estonian-Russian border. If we reached an agreement, there would be no need for alternative versions to cover the adjacent areas," said Luik.

As indicated by Luik, this round of talks created a favorable climate for an early meeting of Estonian and Russian top leaders. The defense minister thought that this could be set for the end of November.

Faction Leaders Kannik and Käbin Interviewed

944K0312A Tartu POSTIMEES in Estonian 12 Nov 93
p 2

[Interview with Indrek Kannik and Tiit Käbin, by Vahur Made: "Action-Minded People Are Not Gathered Around 'Isamaa' Exclusively"]

[Text]

'Isamaa's' Recent Past Is Discussed By Indrek Kannik, Riigikogu Member of the Faction, and Tiit Käbin, Chairman of the Liberal Faction

[MADE] How would you characterize the new leadership of Riigikogu's [Estonia's parliament] 'Isamaa' [Fatherland] faction?

[KANNIK] I like the people making up the new leadership of the 'Isamaa' faction. In essence, the different points of view represented by the 'Isamaa' faction are now also reflected in its leadership. It is a fairly good cross section of 'Isamaa's' membership.

[MADE] Which one of the reasons for changing the faction's leadership was more important: The scandal around the administrative council of Liviko or 'Isamaa's' lack of success in local elections?

[KANNIK] Neither one, really. All the work on the leadership level of the faction has been sufficiently full of tension. Those people who had been in leadership positions for the faction were, to a certain extent, in need of a new role. The fact that the liberals will be leaving the Isamaa faction was obvious at the time elections were held for the new leadership. The departure of Heiki Kranich had been decided at that time. Illar Hallaste's health was indeed poor, and he could not have continued in the position he held. The Liviko scandal may have played a role here, too. I left because of differences of opinion with the prime minister over the government's decision representing the interests of one economic region. Thus, the reasons why any one of us left were quite different.

[KABIN] It is hard to tell. I would not over-dramatize local elections. Locally, people do not always differentiate between factions. It is more important there that leadership go to people who know the local conditions well and who are action-oriented. As long as the local councils produce results, the elections have gone well, in my opinion.

[MADE] Is that supposed to mean that 'Isamaa' does not offer such practical, action-minded individuals that one would like to elect?

[KABIN] I am sure it does. But I would like to say that opposition parties, too, can offer individuals who are sufficiently strong and action-minded. They are not gathered around 'Isamaa' exclusively.

[MADE] Would the leadership of the 'Isamaa' faction have changed even without the reasons cited above?

[KANNIK] We had agreed, even before local elections, to have new elections for the faction's leadership. I cannot say if Hallaste and Kranich would have run, but I had made my decision not to run in the faction's leadership elections a few months ago.

[KABIN] We would have created our own faction, at any case. In local elections, at some places we ran on the same ticket with 'Isamaa', at others we were listed independently. These elections could certainly have had their effect.

[MADE] What were some of the main reasons why the liberals split off from 'Isamaa'?

[KABIN] There were several reasons. We had always existed as a party and when, after the parliamentary elections, four parties formed the 'Isamaa' coalition party, the liberals remained independent. Forming our own faction was only a question of time. It was high time to do it now, because there is only a year and a half left to the next elections. Were the liberals to remain part of 'Isamaa' they would simply not be known.

Most importantly, however, Riigikogu is often passing laws that are not correct legally, and not compatible with the constitution. It is our wish to help so that all the laws would be in strict adherence to the constitution. We have

an advantage over other factions in carrying out this objective because half of our members are legal professionals. With our six members, we simply got lost within the 'Isamaa' faction, and our word did not prevail, as it should have. As a separate faction, we can carry out our proposals much more successfully. Ideologically, we had no differences with 'Isamaa'. Both parties put the emphasis on the individual. But it was my impression that when it came to implementing this slogan, state interests were often placed first.

[MADE] The 'Isamaa' Congress will take place on November 20. Are changes also expected in the party's leadership?

[KANNIK] I think new members will be added to the board, for sure, but the chairman of the party will remain the same.

'Isamaa' Faction Still To Dominate Parliament

944K0313A Tartu POSTIMEES in Estonian 9 Nov 93
p 1

[Article by Hannes Rumm: "Parliament's Government Coalition Still Standing"]

[Text]

Mart Laar's government is still supported by the majority coalition in Riigikogu [Estonia's parliament], despite several changes within the factions that took place over the last few weeks, according to yesterday's POSTIMEES poll at Toompea. The exact number of those supporting the government coalition has not been determined, but the current count is up to 51.

The 'Isamaa' faction continues with 22 members, after the departure of six liberals, along with Enn Tarto and Kalju Põldvere. The liberals, despite leaving 'Isamaa', still support the government coalition, said faction chairman Tiit Kabin.

Kalju Põldvere, too, who has left 'Isamaa' will not stop supporting the government. "I see no alternative to the present government," Põldvere said. "And Tiit Vähi has missed his chance to change the government already. When, a few weeks ago, the government was wavering, Vähi failed to come up with a clear plan of action. Besides, the Vähi-Savisaar-Toomepuu alliance has taken no clear position on agriculture and property," Põldvere quipped.

Enn Tarto said he prefers to remain independent because, that way, it would be easier for him to carry out 'Isamaa's' campaign promises.

The ERSP [Estonian National Independence Party] has eight regular members, Epp Haabsaare said yesterday. Jaanus Raidal, who is no longer a member of the ERSP faction, affirmed his support to the government coalition yesterday. Ants Erm, who has left ERSP, and Arvo Kiir, who is contemplating leaving, have not yet expressed their attitudes toward the government coalition.

The 'Moderates' faction is holding its own with 12 members, Mihkel Pärnoja said.

That makes it a total of 51 members belonging to the government coalition. Yesterday's attempt by Ants Erm to form a new faction obviously failed, because it is hard to find uncommitted members of Riigikogu. Marginally, 'Isamaa' supporters could also claim Ulo Nugis, who had been listed in their camp at one time, but decided to go independent after being elected speaker of the parliament.

Continuing between the government coalition and the opposition are eight royalists without any walk-outs. "Vambola Põder did leave, but not of his own accord," Ralf R. Parve remarked. There is also no word from Rein Järlik, elected to Riigikogu as representative of the Green Movement, about his group opposing the government.

The recently created 13-member Free Parliamentary Alliance is not planning to create a separate faction, its leader Ignar Fjuk promised POSTIMEES yesterday. The FPA, according to Fjuk, is an alliance between factions, whose supporters supposedly number more than a baker's dozen.

The swamp between the two camps also includes Heido Vitsur, Paul-Olev Mõtskula and Ants-Enno Lõhmus, who recently split from the Centrist faction. "I have not yet found a faction to suit my views," Vitsur said. "Now I am supporting those factions whose legislation I find suitable," Lõhmus said. The opposition stands unchanged with eight members from the Coalition faction, and eight from the Agrarian League. After the departure of Ants-Enno Lõhmus, the Centrist faction is left with 14 members. The opposition camp obviously also includes the four members of the now defunct Estonian Citizens' League faction. "I am still representing the interests of supporters of the Estonian Citizens' League," declared Katrin Linde. Also lined up with the opposition is Tiit Made (EEE).

Estonian Future Party Head Discusses Platform

944K0346A Tartu POSTIMEES in Estonian 22 Nov 93
p 2

[Interview with Jaanus Raidal by Vahur Made; place and date not given: "Future Party's Slogan Is Tolerance—An Interview by POSTIMEES With JAANUS RAIDAL, Founding Member of the Estonian Future Party"]

[Text]

[Made] Recently, in your address at the meeting of the "Res Publica" union, you claimed that Estonia may become one of the leading nations of the world. Would you familiarize our readers in greater detail with the content of your address.

[Raidal] I consider myself a politician of the future. That means, perhaps, that it is not likely that I can find

elements of common ground within the present political circles. They focus on the moment, I prefer to make plans for an extended period of time. To measure something a hundred times and to cut it only once. My plans for development are made for five, ten, 50 or 100 years.

In meeting with the youth of "Res Publica," my goal was to form ties and find mutual understanding with people who will be making policy in the future or who are already making it now. The young people must begin to solve today's problems with a sense that they are fully valued citizens of their own country.

[Made] However, how will Estonia acquire the role of a leading nation of the world?

[Raidal] We have come from the disintegrated system of Eastern Europe. Next to us stands another system which is looking for a new niche, after the end of the opposition of two systems. Estonia has an important geopolitical role because it is located precisely at the point of collision. During the soviet era, our hands and feet were tied, but we could see with our eyes and hear with our ears (the Finnish TV and other foreign channels). People were able to compare who was right and who was wrong.

Now Estonia must acquire positive experiences from other nations; however, it should not blindly adopt everything (become Americanized or Finnish, etc.). We cannot adopt the democratic structures of other nations because we do not have the experience. We have come from another system. And we should not limit ourselves to the experiences of Germany or Sweden. We should acquire experiences from the whole world.

In foreign policy, we should not cast our sights so much toward those fully developed structures and international organizations whose members we are. There we are one among many. We should support countries that are still struggling for independence and share our experiences with them. Then they will be our firm allies in the future. We should not forget that there are millions of people like that in the world.

[Made] Do you see the rise of Estonia against the background of the decline of some other leading power?

[Raidal] Yes. These times are gone when powerful nations made decisions for small nations. Now is the time when all nations have equal status. And thus, also, a golden compromise is found on the basis of which all nations have the right to be masters of this world. Prominent will be those who know how to be more tolerant and who can offer something new.

[Made] You criticized the Estonian society for the large number of their political parties, which slows down our development.

[Raidal] At the moment, the large number of parties is a normal phenomenon; however, this may become detrimental soon. We have a dangerously large number of

politicians. If every one of them forms a party, there would be no room for all of them, no social basis.

[Made] At the same time, you are the founder of a new party, the Estonian Future Party.

[Raidal] For a time, I hoped that all parties would be able to unite. However, our parties are all personified. We have the parties of Laar, Savisaar, Vahi, Toomepuu, etc. We have come to identify with certain persons in the hope that they are able to solve problems. However, they alone cannot do anything. Instead, they have become society's spittoons. They are called names and made fun of, even though they are frequently not guilty of anything.

Then I realized that it is time to form a party that does not rally behind one person, but that assumes collective responsibility. It is time for the emergence of a very forceful party that is able to unite different points of view.

[Made] Does the Estonian Future Party see itself as some sort of a nucleus around which other parties converge, in order to reduce the splintering of Estonian parties?

[Raidal] Time will tell. Right now, we will not intervene in politics. We are not looking for the ghosts of Communism or the KGB. We are giving people a chance to be reborn. Even those who have taken the wrong road should not be cast aside. Our slogan is tolerance.

Missing KGB Documents Probably Lost Forever Says Laar

944K0346C Tartu POSTIMEES in Estonian 17 Nov 93
p 1

[Article by Olav Kruus: "Administration Has Not Recovered the Missing KGB Documents"]

[Text] The administration has not received any documents from Russia pertaining to the activities of the KGB, Prime Minister Mart Laar indicated at yesterday's government press conference. He added that it is doubtful that Estonia will ever recover these documents. Even if this should happen, there would be a question about the authenticity of the documents because they have been held by the other side for a long time.

On Monday, during a press conference called by the parliamentary commission researching the activity of the KGB, Arvo Junti, deputy chief of the commission, claimed that Russia has handed over to the current administration a portion of the documents and therefore no longer wishes to discuss this matter at the Estonian-Russian talks. According to Junti, this has also delayed the signing of a framework agreement with Russia, relating to the surrender of cultural valuables and archival documents.

As we know, during the Savisaar administration, when the Security Committee materials were taken over, 37,950 archival files were missing. These files contained

primarily KGB documents covering their so called "outside sessions" and lists of names of co-workers. According to Enn Tarto, chairman of the parliamentary commission, the internal security police filed a criminal case based on the disappearance of the documents, but after a while this was halted because the elements of the crime were unclear.

Prime Minister Mart Laar claimed that, when he was conducting historical research, he received, some time ago, some documents of intelligence organizations with general historical value, but no "hot" KGB documents have come into his possession while he has been the head of government.

Tallinn, Pärnu, North-East Sector Election Results

944K0313B Tartu POSTIMEES in Estonian 22 Oct 93 p 11

[Listing of election results by region, party and number of votes received]

[Text]

Tallinn's New City Council Members

Coalition Party

Arnold Rüütel (6,080 votes) Endel Lippmaa (3,520) Tiit Vähi (3,314) Klara Hallik (845) Peeter Mardna (131) Arvo Kuddo (535) Mari Pedak (1,114) Leo Käpa (255) Boriss Popov (1,298) Arvi Hamburg (595) Talvi Märja (518) Mati-Johannes Palm (83) Ulle Alt (38) Ulo Kotkas (35) Andrus Oövel (689) Ulo Pärnits (60) Koit Kaaristu (866) Igor Pihela

Russian Democratic Movement

Nelli Kuznetsova (1,152) Anatoli Yegorov (858) Nikolai Solovei (2,345) Tatyana Muravyova (456) Victor Polyakoff (1,724) Natalia Vaino (166) Aleksei Semyonov (2,851) Leonid Mihhailov (2,501) Vladimir Ivanov (2,445) Sergei Ivanov (1,769) Sergei Kozlov (678) Valentin Gnezdilov (389) Hanon Barabaner (1,018) Valeri Tshernyshev (890) Yevgeni Medvedyev (685) Irina Kurdyavtseva (750) Sergei Zubkov (584)

'Revel'

Aleksei Zybin (2,399) Veronika Maandi (668) Sergei Kuznetsov (1,158) Viktor Boikov (803) Albert Aru (2,538) Leonid Shvetsov (1,940) Margarita Tshernogorova (1,139) Lembit Annus (3,851) Vladimir Kukk (786) Viktor Repson (164)

'Raeklubi' [The Town Hall Club]

Feliks Undusk (1,384) Andres Kork (1,068) Jaak Tamm (1,002) Vladimir Velman (992) Mati Kaal (622) Tiina Mägi (804) Riho Soonik (350) Kalju Leppik (387) Uno Sibul (157)

The Centrist Party

Nelli Privalova (1,508) Arvo Junti (886) Arvo Haug (512) Dmitri Kubyshekin (438) Toivo Tootsen (169)

'Isamaa' [Fatherland]

Matti Tarum (898) Ott Sandrak (563) Mart Nutt (521) Indrek Kannik (453) Jaan Karu (269)

Pärnu's New City Council Members

I-'Isamaa' [Fatherland] P-'Pärnakas' [Pärnuite] U-'Uksmeel'[Accord]

Margus Tammekivi, Pärnu Council chairman (U, 795 votes) Rein Kask, Pärnu mayor (U, 735) Aivar Maesoo, entrepreneur (U, 715) Vladimir Klevtsov, school director (P, 603) Uno Mirmee, physician (U, 489) Jüri Tenson, scientist (U, 371) Jüri Lebedev, entrepreneur (P, 341) Vello Järvesalu, director of Pärnutrük (P, 337) Enn Hallik, journalist (P, 302) Yekaterina Yepifanova ("Diana", 289) Endel Veinpalu, scientist (I, 279) Salme Leas, vocational teacher (U, 278) Mati Ree, physical education teacher (P, 247) Märt Mere, assistant chief of police (P, 241) Ulo Sutt, builder (U, 238) Vaike Aller, physician (ERSP, 220) Toomas Kuuda, tennis instructor (P, 196) Eduard Rajari, historian (I, 191) Jüri Rahu, assistant mayor of Pärnu (U, 179) Paul Järve, jurist (P, 168) Marika Priske, business consultant (P, 160) Guido Ratnik, physician (P, 160) Ahti Kõo, lawyer (U, 154) Vello-Vahur Popp, bank official (U, 147) Jakob Tõnissoo, engineer, (P, 147) Aimur Saarts, entrepreneur (U, 141) Tarmo Valgepea, entrepreneur (U, 136) Kalle Lahe, economic specialist (P, 134) Jaan Lippmaa, director of therapeutic mud facility (U, 131) Urmas Palmaru, teacher (P, 116) Teet Roosaar, journalist (I, 115) Mart Arula, state official (U, 101) Naali-Maria Liivrand, pensioner (U, 52)

Election Results in the Cities of East-Virumaa

City of Kohtla-Järve

Legend for abbreviations in parentheses: K-'Koostöönimekiri' [Cooperation Ballot] S-'Südametunnistus' [Conscience] A-'Ahtme Nimekiri' [Ahtme Ballot] Number denotes votes received.

Election Precinct Number 1

Svetlana Skorobogatova (K, 499) Toomas Koldre (K, 405) Jüri Reiska (K, 315) Vladimir Velbaum (K, 205) Viktor Kuznetsov (S, 199) Pyotr Kondurov (K, 194) Heinar Aps (K, 170) Ain Kiviorg (K, 127)

Election Precinct Number 2

Valeri Korb (K, 1,298) Yevgeni Solovyov (K, 364) Mati Murd (K, 270) Enn Loko (K, 261) Tatyana Fedorenko (K, 217) Vladimir Raja (K, 162) Serafim Lapynin (K, 153) Aleksandr Kushnarenko (A, 181) Reet Liivamägi (K, 48) Juhan Arusoo (K, 47) Nikolai Kerstna (S, 294)

Election Precinct Number 3

Väino Viilup (K, 787) Evgeni Vassilyev (S, 801) Enn Joost (K, 337) Andrei Zahharov (S, 573) Aime Tolga (K, 277) Valentina Meus (S, 208) Helle Saluvee (K, 222) Nikolai Abakov (S, 204) Viido Valentin (K, 183) Sirje Jõemaa (K, 134) Georg Aleksandrov (S, 117) Erik Kaljuvee (K, 123) Gennadi Plistkin (S, 90) Kalvi Gruning (K, 107)

Election Precinct Number 4

Ain Kalmaru (K, 619) Aldur Pääro (K, 261) Larissa Domashkina (S, 207) Vello King (K, 122) Tõnis Puusepp (K, 116) Taissa Korotkova (S, 192) Aarne Rentik (K, 98) Mati Vallandi (K, 86)

City of Püssi

T-'Tasakaanlukad' [Moderates] R-'Rahulik Kodu' [Peaceful Home] U-'Uhendus' [Alliance].

Jüri Kukk (T, 410) Paul Alas (R, 76) Andrus Talsi (U, 56) Eha Meiel (R, 54) Ulo Tuur (R, 42) Peeter Pill (R, 37) Illar Rosenberg (R, 28) Terese Vask (T, 21) Anatoli Männi (T, 21) Aivar Karon (R, 13) Rita Hlebnikova (T, 9) Hellu Jaanson (T, 7) Silvi Hlebnikova (T, 4)

City of Sillamäe

Koonderakond [Coalition Party]—13 mandates:

Anatoli Polupan Vladimir Ilyuhhin Yuri Nikitin Nadezhda Kaneva Yuri Bozhko Igor Klevetov Heidi Luts Vladimir Timofeyev Leonid Klimenko Aleksandr Kuznetsov Aleksei Korikov Aala Gitt Natalya Surgutshova

Keskerakond [Centrist Party]—four mandates:

Yefim Shtem Sergei Korolyov Valeri Kuznetsov Lembit Priske

'Koostöö' [Cooperation]—three mandates:

Eino Pukk Lembit Võlu Matti Maack

'Möödukad' [Moderates]—one mandate:

Natalya Tsherednikova

City of Kiviõli

U-'Kiviõli Keskjõudude Uhendus [Kiviõli Alliance of Centrist Forces] K-'Kodulinn Kiviõli' [Hometown Kiviõli]

Election Precinct Number 1

Tiit Kuusmik (U, 964) Tõnu Uustalu (U, 193) Raivo Soosaar (K, 106) Samuel Talts (U, 103) Pyotr Yavorski (U, 88) Aili Hirve (K, 79) Vladimir Nedorezov (U, 52) Arvi Lemendik (U, 48) Ilse Lipp (U, 40) Aavo Keba (U, 31) Niina Selyutina (U, 26) Olav Raie (U, 22)

Election Precinct Number 2

Helle Palk (U, 261) Rein Kaaret (U, 253) Georg Kelder (U, 213) Kalju Mae (U, 98) Leonid Arefyev (K, 91)

Vaino Reinhold (U, 49) Svetlana Antonova (K, 45) Valdur Raie (U, 29) Viive Kravinski (U, 25).

Former Narva Envoy Tarand Interviewed

944K0312B Tartu POSTIMEES in Estonian 12 Nov 93 p 2 (Narva Insert)

[Interview with Indrek Tarand, former Government Envoy to Narva, by Hannes Rumm: "Tarand Says a Balanced Narva Can Get On Its Feet Again"]

[Text]

"Narva has an ailing economy, an unlucky demographic configuration, a polluted environment, and a city budget that is beyond hope," was the summary of the city's problems offered by Indrek Tarand, former government envoy to Narva, from his new office at Toompea.

Yet, Tarand, who is currently serving as assistant to prime minister Mart Laar, considers Narva a fortunate region: where, as long as stability can be maintained, there is more chance for Western aid than anywhere else in Estonia.

[RUMM] Why is Narva's budget in the red?

[TARAND] The city's tax revenue is poorly planned, but this has apparently also happened in other cities and parishes. In Narva, however, things are even worse because the Kreenholm and the Baltijets plants and the housing construction cooperative Vant are even worse off than big enterprises elsewhere in Estonia. The wish to re-orient to Western markets is much less prevalent in Narva, and thus less in the way of individual income tax is collected by the city treasury.

[RUMM] Will the new city council and the mayor have complete power, or is there a danger that organizations made up of foreigners will start functioning as parallel power structures?

[TARAND] I hope there will be no danger of that. What makes things even better is that the 'Otetshestvo' ballot, on which Narva's Citizens' League chairman Mishin ran, failed to gain the necessary 100,000 votes in Russia, and was left out of the parliamentary elections. This deprives Mishin of another chance to establish some kind of Soviet legitimacy for himself and his star is inevitably destined to fall. But, of course, men like the city's former Communist party leader Malkovski go on living in the city, and there is no reason to think that the national-territorial ideology will disappear. This will stay on with the people, but its organizational basis will be reduced. Also remaining will be such valuable structures as the Narva merchandise mart in the possession of Malkovski, and perhaps also the future Business Center, headed by the former city government's foreign relations director Sergeyev. Obviously, one should keep an eye on these things.

[RUMM] Does the weakening of Russian-minded organizations signify a growing influence of Estonian associations.

[TARAND] The opportunity is certainly there. The rest depends on how the local people will take advantage of it. The trend is for Estonians to leave North-East Estonia. According to the survey, only one fourth of the Estonians want to stay there. If, in the parish of Vaivara, 23 percent of the 1,600 residents are Estonian, and close to 70 percent of them are 70 years old or older then, in six or seven years, there will be no one left. In this sense, Estonian associations cannot gain strength without a strong state policy.

[RUMM] Would such a policy be possible at all?

[TARAND] It would be, if that's what will be decided on. A simple example: The Finns had promised money for teaching Estonian in Narva, and the question arises how it should be used. One could double the salaries of those teachers who are going there, but that will offend those people who have been living in Narva for 30 years. People from Ruhnu or Kanepi could be offended, in their turn, because of Narva's special status. People may agree, politically, that this vital part of Estonia should be supported but, when it comes down to counting the money, the question is raised why is it that the Narvaites are getting the help. Such a policy could not be settled before Riigikogu makes a decision.

The Border City of Narva Shares Sewer Pipes With Ivangorod

[RUMM] Who is in charge of Narva's economy? Would it be directors of big enterprises on one hand, and criminals who have taxed the trade on the other?

[TARAND] All of Narva is so much of a Soviet city that not only are directors of big enterprises in charge of the limping economy, but they also have a lot of moral power. The director is a collective head, although he may not have much in the way of means. There are those comrades who control the border trade, and their activity is quite likely to be criminal. In addition to running their own racket, they tax the goods crossing the border and smuggle in contraband. The personnel of Narva's border guard and defense police, as much as I had contact with them, left a conspicuously good impression. There has been coverage in the media about their failures but, all things considered, they have been doing quite a good job. More effective controls, of course, are in the offing.

[RUMM] How does Narva communicate with Ivangorod?

[TARAND] There is a border between the two cities, but the green-card system permits people to mill to and fro. These cities are indeed very much grown together: The sewers are connected, houses have been built sometimes on one, and then on the other side of the river. It would be hard to have a clear distinction. Separating the sewer system, for example, would immediately call for building a new purification plant for Ivangorod. Things are further complicated by the fact that the Narva River currently forms the dividing line between the two states.

[RUMM] Why was it necessary to scare the Narvaites with the idea that Estonia may relinquish Narva to Russia?

[TARAND] This scare came from a misunderstanding. I said, it might be a good idea for Estonia to do a scientific study showing all the pros and cons of giving up Narva. If, aside from all political intrigue, this issue were considered for its own sake, it may turn out to be very interesting.

Narvaites, Estonia and Foreign Territory

[RUMM] How closely are Narvaites tied to Estonia?

[TARAND] According to the EMOR survey, the most popular television program is 'Lihtsalt Maria' [Simply Maria], followed by Ostankino and 'Vest' news, '600 Seconds', 'Santa Barbara' and only then the Russian-language 'Aktuaalne Kaamera' [Actual Camera]. This is quite a meaningful indicator. Both the government and international organizations have tried to distribute information there. But disseminating information fails, if people reject it.

[RUMM] Narva has become the Mecca of international officials and organizations. What kind of effect has that had on the city?

[TARAND] I think that all information and any offices typical of the Western society are good for Narva. The city is home to apathy, people are not interested in Leninism, nor are they ready to get rid of it. It is good for the city to be internationalized. It does not matter whether it is Helsinki Watch, or the Society for the Prevention of Cruelty to Animals that opens an office here that is clean and where people are treated well, the educational impact will be great.

[RUMM] How satisfied are Narvaites with the attitude of the Estonian government toward them?

[TARAND] The EMOR survey showed that they were not happy with it. They think that the government is somehow biased against them. This comes from understanding that, in the old days, life was always very friendly, and no one was ever told to have to learn Estonian.

[RUMM] Is the requirement to learn the language seen as a mark of hostility?

[TARAND] This irritates people although, on the level of political representation, appropriate behavior has been established. What they say is: Yes, of course, we will learn the language. But you can see there are no Estonians here, and to do that we need money. Also odd is the fact that the further out you go from Narva, the bigger the trust shown in the representatives of power. The president is trusted most, then comes the government, and the government's representative in Narva is trusted least.

[RUMM] Is the government's special policy for Narva continuing?

[TARAND] Special programs are being worked out. They are not stemming from the government's decision to make developing the city of Narva a domestic priority. These stem directly from international offers that came about because of Narva's stubbornness this past summer. It would be stupid to leave the offers of international aid programs unused, as they do not call for funds from Estonia's tax payers. In that sense Narva is a lucky region, but a policy like this could not have been followed with the previous local government.

Narva Municipal Council Head Paal Interviewed

944K0212C Tartu POSTIMEES in Estonian 12 Nov 93
p 3 (Narva Insert)

[Interview with Anatoli Paal, Chairman of Narva's Municipal Council, by Ago Gashkov: "Municipal Council Chairman Anatoli Paal: I Want Narva To Be a Normal Estonian City"]

[Text]

[GASHKOV] Narva Municipal Council chairman Anatoli Paal, how did you feel after being elected council chairman recently?

[PAAL] The condition I set was that I retain the Baltic Electric plant as my primary place of employment. I think I am needed there. The council members accommodated my wish.

I could not imagine how big the workload would become.

On the other hand, I accepted the proposal to run for the council chairman with a sense of satisfaction. The fact that I was asked to run, and that the council voted for me almost unanimously, shows that people in Narva are finally beginning to understand the processes taking place in the state of Estonia, and are willing to go along with them.

[GASHKOV] Narva is a complex city. Filling elective positions is quite difficult in this city. On Wednesday, the mayor did not get elected. Last time, too, when Vladimir Mishui became mayor, elections did not go easily. Why is that?

[PAAL] Different groups have different interests.

[GASHKOV] What are the interest groups making up Narva?

It is difficult to lay it all out. I am sure the directors' council has its interests, as does the trade union center, and illegal structures have a certain interest, too.

Narva is a border city, a transit city, and because of its location, inevitably in the sphere of interest of illegal groupings. Pensioners have their own interests. Thus, people who want to influence life in Narva are many.

[GASHKOV] How much of Narva is taken over by the shadow economy. How strong is state corruption?

[PAAL] That would be difficult to estimate, but quite a large percentage of money misses the municipal treasury. There are 1,500 companies registered in Narva, but only 300 of them pay taxes. May be that is the actual ratio of legal to illegal economy.

[GASHKOV] How would you like to see Narva in the future?

[PAAL] I would like to see Narva as a developed and civilized Estonian city that can make use of its advantages and its skills. Narva's advantage is its location. Skills mean that the city has a lot of skilled labor and a high level of technical intellectuals. I wish we had more scholars in the humanities. I want Narva to be a normal Estonian city.

[GASHKOV] Can the council and the city government help with this or is it a case of a spontaneous flow?

[PAAL] Philosophically speaking, every process is one of spontaneous flow. Another thing is how we can direct that process and benefit from it. I am a pessimist and think that, in three years, nobody can change anything here. But we will try to save the enterprises here. I hope to show to the world that investing in Narva will pay off. Once investment starts in Narva, our council will have done a great job.

Tartu Firm To Export Color Lasers To U.S.

944K0314A Tartu POSTIMEES in Estonian 4 Nov 93
p 7

[Article by Jaan Kelder: "Vemo-Pioneer Will Start Exporting Color Lasers to the United States"]

[Text]

Tartu's scientific firm Vemo-Pioneer, that is engaged in producing color lasers, is making plans to market its production in the United States. The Vemo-Pioneer color lasers are assembled locally, and 90 percent of the components are also made here. Only the optics used in the lasers are imported.

Heaps of All Sorts of Iron

Specialists at Vemo-Pioneer think that, in Estonia, it is more feasible to build complicated color lasers than it is to make simple helium-neon lasers, for example. The reason is that helium-neon lasers require special production technology and conditions, which are not available here. The production of color lasers, on the other hand, relies on a lot of mechanical devices that can be made locally.

"Here we have heaps of all sorts of iron that can be bent every which way, and this is why it is convenient to make these kinds of lasers in Estonia. All we need is accurate

turning and milling machines, and some measuring devices," said lead specialist Andres Virro, a Ph.D. in physics.

Color lasers, which have been produced for more than 10 years in Estonia, are used for scientific research—mostly in photo-chemistry. For that purpose, Vemo-Pioneer has been sending lasers to the universities of Turu, Uppsala and Lund.

Laser Price \$15,000 to \$20,000

Andres Virro said a Vemo-Pioneer laser will cost \$15,000 to \$20,000, on the average. The price will depend on the complexity and size of the laser. "Judging from the price list, our lasers undersell comparable Western units by about one third, but the actual price difference is hard to determine because the sales price is usually lower than the list price," Andres Virro said.

Because of the high price, the firm has sold virtually no lasers in Estonia, almost all of the production has gone for export. According to Rainer Koger, head of the laboratory, lasers have so far been sold to Finland, Sweden, Italy, England and the Czech Republic. Contracts have also been signed with Japan, and the first lasers should be shipped there in a matter of months.

Contact with customers has come mainly from exhibitions. "In England, for example, our customer was a brokerage firm by the name of Uniexport Instruments, that has been engaged in the sales of scientific apparatus for more than 20 years. It used to sell scientific technology to the Socialist countries. After the collapse of the Eastern block, however, it started exporting lasers from the former Soviet Union. With this firm, we made contact at an exhibition that took place in St. Petersburg," said Mati Meos, the firm's chairman of the board.

"Participation at exhibitions is costly, but necessary. Even with the most reasonable of expenditures, an exhibit will cost up to \$10,000, but there is no other way of making contacts," Meos said.

Over the last two years, Vemo-Pioneer has been handling deliveries to its clients. Usually, two staff members take the apparatus on a microbus, and drive to the destination. They also set up the laser and tune it up.

"It is possible, of course, that a competent client take care of the tuning but, so far, this has not happened," Rainer Koger said. "At least, we tune up the first laser for them. After that we give the client exact instructions for the use of the apparatus. Mastering this usually takes only a couple of days, because these lasers are not very difficult to handle."

It's Hard To Build Up Confidence in America

"For the time being, it is hard to arrange for the export of Estonian lasers or any other products to the United States because, once an American knows that the merchandise comes from a country that used to be occupied by Russia, it is perceived to be of low quality," said

Ariadne Garscadden, a student from the state of Ohio, who is spending her first month as an AIESEC intern at Vemo-Pioneer.

"Immediately after I got here, I sent the technical specifications of the lasers made here to my father, who is a physicist, and asked him for an expert evaluation. Father said that the lasers were fairly good and that they could be sold in the United States. This would take a lot of promotion, like printing brochures and such. This would give Vemo-Pioneer the opportunity to compare itself to the Western companies, Ariadne Garscadden said. "In America, image is everything!"

She said that doing business with America is also complicated by poor communications—letters get lost, fax and phone calls do not get through, etc. "If this gets in the way of contracts, one cannot do business here because, in America, time is money. If the contract is not completed by the deadline set, it goes to someone else," Garscadden said.

Aside from all this, Adriane Garscadden thinks that she will be able to get something done, during her half-a-year's stay here, towards helping Vemo-Pioneer enter the American market. "I think we can make a breakthrough and get these lasers to America," she said with conviction.

Governmental Reply To No-Confidence Vote

944K0314C Tartu POSTIMEES in Estonian 15 Nov 93
p 1

[Article by Elmo Kaskmaa: "Government Denies Accusations Made by Opposition"]

[Text]

The Government of the Republic of Estonia issued an official reply to legislation proposing a no-confidence vote on the prime minister.

The government's statement notes that the accusations levelled at the prime minister and the government are biased and that little trouble had been taken to explain the underlying reasoning. The manner in which these accusations were presented proves that the opposition that set out to bring down the government lacks a firm, constructive program, reducing it to the level of political gamesmanship. The government's reply points out that the no-confidence statement contains several outright lies and fudging. The opposition alleges, for example, that the ownership reform has fizzled out and that transfers to municipal ownership have come to a halt. At the same time, over the first nine months of 1993, 2,416 objects have been transferred to municipal ownership, which is almost twice the number of municipal transfers for all of 1992. The government can also not agree to allegations that it had stopped the creation of farms. Alongside the growth in the export of agricultural products, it is populist to talk about the disintegration of agriculture. For the third quarter of 1993, the growth of

agricultural exports was rated at 181 percent, compared to the same indicator for 1992.

The opposition accuses the government of having impoverished a wide range of people. The government's reply states that, based on family research done by EMOR, income per person has gone up 24 percent in one year. The government also notes that support payments to pensioners, which were 260 kroons in October of 1992, now averaging 358, and budgeted in at 377 kroons for 1994, by no means indicate the government's satisfaction with the lot of pensioners.

The government's reply says that the second part of the opposition's statement is bordering on the absurd. Accusations about the government's policies having jeopardized the survival of Estonia's independence, and about the government having made concessions to Russia, are absolutely false. The government has not made any concessions to Russia in its negotiations, and that is why Russian troops have been leaving Estonia without any pact or agreement. If, a year ago, someone could still ask whether or not the Russian troops were planning to leave Estonia at all, and possible demands for military bases were mentioned, then now the matter has been settled. It is only a question of time, the government statement says. It also explains that the joint-territories agreement mentioned by the opposition, was not approved at the November 9 session of the government. The opposite was true, it was decided that work on it should continue.

Representatives of the opposition are alleging that the government is dismantling Estonia's defense capabilities. But it has been during the term of the current government that all the defense forces and most of Kaitseliit were equipped with weapons, including anti-tank technology. Three army bases have been fixed for housing, while work continues on four others. By buying weapons from Israel, and by making a transition to NATO standards, Estonia is further breaking off from the East, the government's statement says. The opposition maintains that Russia has succeeded in isolating Estonia from the Western democracies, both economically and politically. Right now, one can say unequivocally that Estonia has succeeded in standing up to Russia's propaganda attack. According to Western opinion, Estonia has become the model for successful political and economic reforms, which have been supported emphatically. This is also confirmed by recent assessments of Estonian government policies done by IMF [International Monetary Fund], the World Bank and also NATO.

The government's statement emphasizes that not everything is going smoothly in Estonia. There are many problems that have not yet been solved, but the government has done its work according to the best of its ability and knowledge. It is time for Riigikogu [the parliament] to make an assessment, the government's statement says. If the opposition has succeeded in getting an agreement in Riigikogu for the formation of a new government, and that would guarantee Estonia a peaceful and democratic

change of government, the present government could not have any objections. But if this is another game being played at the cost of taxpayers' money, people's nerves, and Estonia's stability, the statement says, then one has to ask who will ultimately benefit from such games.

The no-confidence issue is up for discussion at today's general session of Riigikogu, after the so-called free microphone.

Northeast Sector Criminal Activity Culminates in 'Bloody Autumn'

944K0340A Tallinn PAEVALEHT in Estonian
21 Oct 93 p 6

[Article by Toomas Sildam: "East Virumaa's 'Bloody Autumn'"]

[Text]

Different estimates show that up to 16 people have been killed in East Virumaa over the last few months, all of whom belonged to the Kohtla-Järve, Jõhvi or Narva groupings known in the underworld. The wave of mysterious murders is called 'bloody autumn.' Ain Seppik, director of the Central Bureau of Investigation told in his interview to the POHJARANNIK newspaper a week ago: "The interests of many regions apparently clash here at Kohtla Järve. At stake here are the interests of groupings from St. Petersburg, Tallinn and certain local firms..."

"Such Bandits!"

There are three major groupings operating in East Virumaa's underworld. They are called the Kohtla-Järve, Jõhvi and Narva groupings, after the territories they control. At first glance, it would seem that their primary source of income is extortion from private enterprise—collecting 'protection money' that would guarantee the store, coffee house or hotel its security.

The 'scheme' of the extortionists is simple. First, all the windows of the establishment are smashed in, an incendiary bottle bomb thrown in, or a round fired in from an automatic. Then, three or four men show up at the establishment, and give a line to the effect that: "See how dangerous it is to live here. We heard you had all your windows smashed in. Such bandits, what can one say. But, we could protect you..." The men would then name a specific price—let's say 1,500 kroons a month (in case of a small enterprise), or 10 percent of profits (when dealing with a manager of a big store).

A little while ago, Helmut Paabo, East Virumaa's police chief, explained it like this: "The groupings are paid to protect stores or bars. Actually, the entrepreneurs pay them so that members of the same grouping would not smash display windows or set fire to their stores or bars."

When demands are made for 'protection money' threats are not only made against the entrepreneur, but he is reminded that he also has a wife, children or an aging mother living in some small village in the woods. "I

don't know if they know psychology or if they can instinctively touch the weakest parts of a person, and so the entrepreneur eventually succumbs," was the way one businessman described the operating style of extortionists. "Besides, they know the financial condition of our businesses, as if they worked for the department of taxation."

The entrepreneurs pay the racket and, as much as they hate the extortionists, consider 'protection money' something of a necessity. There are some businessmen (and women) in East Virumaa, who have managed to stay completely independent from the criminal groupings. Only they know the cost at which such independence is achieved. One brave man is reputed to have asked that the collectors come back the next day, and then fired a whole round of ammunition from a World War II automatic weapon at their feet. The extortionists retreated.

"But He Got Too Haughty..."

The compliance of most entrepreneurs with the demands of these criminals lead to a situation where at least some members of the Kohtla-Järve and Jõhvi groupings were getting more and more insolent and, so it seemed, weren't afraid of anybody. According to PAEVALEHT, official police complaints were filed by only a few of the entrepreneurs. Out of those, one barman had his jaw broken, and later his bar torched.

With some gang members lapsing to anarchy, their fellow members retaliated. Thus, the body of 26-year old Stanislav was found on July 24, near Ontika. He had died of a professionally delivered thrust of a knife under his left shoulder blade. "He was one of the prime extortionists at Kohtla-Järve," said those in the know. "But he got too brazen, started demanding free alcohol from the store, for example." The criminal police is convinced that a 32-year old man with a nickname of Dora could have given them a lot of interesting information about the killing of Stanislav.

Start 'Bloody Autumn'

Dora, in his turn, was murdered late at night on September 16 when he, along with a friend, stepped out of a pizza bar at Kiviõli. Their killer was waiting in the street, and opened fire on them from a Kalashnikov automatic. Dora was hit in the head, 33-year old Andrei in the chest. Also killed by was a passer-by on his way home. Another person accidentally caught up in the shooting was wounded and taken to the hospital.

By then the 'bloody autumn' in East Virumaa had already started. On the night of August 23, at three o'clock sharp, fire was opened on a light-colored Audi passanger car stopped in front of the Mars store, in downtown Kohtla-Järve. With rounds fired out of the Kalashnikov automatic, all three men inside the car, belonging to the Kohtla-Järve grouping, were killed. After that, the murderer ran between the houses and

disappeared. The criminal police think they know who the murderer is, but there is no evidence of guilt.

The mysterious killings are attributed to some mighty quarrel in the underworld. Its beginnings are said to go back to the events on the night of August 8, between 3 and 4 o'clock in the morning, near the same Mars store. First, the leader of the Kohtla-Järve grouping, set his German Shephard on a police officer on duty. The latter grabbed his pistol for self-defense and, when the companions of the dog owner tried to take the weapon away from him, one of the attackers was wounded in the stomach. Roughly half an hour later, two men drove in front of the Mars store, and fired several rounds at the store from their Kalashnikov automatics. This was brazen revenge for wounding a friend, while Mars had no part in it.

The official owner of the store told police that he has "no complaint against anybody." Word has it, however, that the actual owner of the store is 38-year old Valeri, who is considered to be one of the most authoritative figures of Kohtla-Järve's underworld. All members of the local grouping knew of Valeri's connection with this store, and Mars was considered a place that cannot be touched. On the night of August 8, this unwritten law was violated.

Thus, it is presumed the 38-year old Valeri could not forgive his one-time friends, and declared war on the Kohtla-Järve grouping. On the night of August 23, when the three men were killed inside the Audi near Mars, it was darker than usual in front of the store because some of the lights were out. Such a 'black-out' is not considered accidental.

Murders Continue

If someone had merely wanted to punish those who violated the gang rules, the murders would have stopped after the tragedy at the Kiviõli pizza bar.

But they did not stop (the listing that follows is not exhaustive).

During the night of October 4, 37-year old Sergei, one of the 'authority figures' of the Narva gang, was killed, along with his wife, in Narva Jõesuu. The murderers wearing camouflage suits and face masks, introduced themselves as representative of law enforcement, took them along and killed them with pistol shots in the head. "It is entirely possible that Sergei died for metal, experts have told PAEVALEHT. In this context, one is reminded of a big copper theft that took place at the Jõhvi railroad station some time ago, where cranes were used to lift metal out of the freight cars coming from Kazan. Later, there were all kinds of attempts to hush up the crime. "This metal must have been consigned to someone. And that someone may have wanted to take revenge for the 'disappearance' of several tonnes of copper," it was conjectured. The stories circulating in East Virumaa say that the 37-year old Sergei was, indeed, involved in 'intercepting' the tonnes of copper.

Late on the night of October 8, 22-year old Andrei was killed in downtown Jõhvi. He had been known locally by his nickname of 'Mihhailych.' Despite his youth, he was one of the better known members of the Jõhvi gang. The murderer waited for Andrei near the bar, and when the young man sat behind the wheel of his car, shot him with a silencer gun, smack in the heart.

Late on the night of October 11, 32-year old Viktor was killed near Jõhvi. He had been a relatively independent man, operating outside of the major gangs. The murderer knew what was a secret to most—the address at which Viktor visited one of his female acquaintances. It is thought that the murderers came from Tallinn, at the request of the leader of the Jõhvi gang, waited for Viktor near the garage, and after he had parked the car and was about to enter his lady-friend's home, he was shot from a PPS automatic. Viktor managed to fire a few shots from his TT pistol, then the round of bullets penetrated his chest and he collapsed on the concrete.

On the afternoon of October 14, the bodies of 38-year old Valeri, the actual owner of the Mars store, 23-year old Vladislav (Valeri's body guard), and 27-year old (chauffeur) Nikolai were discovered in the Illuka quarry. All of them had died of close-range pistol shots to the head. Valeri's bloody Volvo 740 was left in front of some house at Narva-Jõesuu. Valeri was extremely cautious, he wouldn't let any strangers near him. The man had sensed some kind of danger, and had decided to go to Russia. This is why he and his companions didn't have any weapons on them, as they tried to avoid any useless hassles at the border. "The murderer had to be a close associate. We are sure that Valeri, along with his body guard and chauffeur, was killed in his own Volvo, as only people Valeri trusted would have access to his car," the criminal police said.

Hard Evidence Is Lacking

In many of the cases, the criminal police believe they know who the killer is and who "ordered" one murder or another. Officially, however, none of the suspected killers have been apprehended. "Either there are no witnesses or they remain silent, and we have no hard evidence against the killers," said Virumaa's police chief Helmut Paabo. "This wave of killings has brought some well-informed people to the point where police can get the information needed. Right now, these are being checked out, but I hope we'll be making significant progress soon."

Only a week ago, Paabo was much more pessimistic, when he told the newspaper POHJARANNIK that a real war has broken out between the local criminal gangs, and there is no way for the police to get involved: The police would very much like to prevent these killings, but does not know how.

In the case of East Virumaa's 'bloody autumn' not all killings are connected. There are murders here that stem from mutual conflicts between local criminal gangs and, naturally, from their desire to expand their sphere of

influence. At the same time, over the last few months, there have also been murders with strings pulled either from Tallinn or St. Petersburg. There are many who would like to have East Virumaa under their control.

East Virumaa's Underworld To Be Run From Tallinn?

Reportedly, one Tallinn grouping had recently appointed its 'emissary' who would be in charge of the territory from Kohtla-Järve to the Russian border. If that should be true, this would mark the beginning of a war even bloodier than the one going on now unless, of course, the 'emissary' from Tallinn reaches a compromise with the surviving members of the Kohtla-Järve, Jõhvi and Narva groupings. A separate peace is also possible, in which the 'emissary' would make a contribution to the leader of the 'Jõhvi grouping', for example, and drive out all the competitors, by giving the necessary help for it (like sending hired guns from Tallinn to East Virumaa, who would kill the 'troublesome' person and then disappear).

It is known, for example, that a man well known to the local police in Narva, started acting as if he owned the place. At two o'clock on the night of June 15, his BMW was stopped near Sillamae. In it, three residents of Yekaterinburg (former Sverdlovsk) were speeding toward the Russian border. Two unregistered Parabellum pistols and two gas weapons were found in the car. The men did not have Estonian visas, they had bribed our border guards to get in. A criminal complaint was filed at the time, but the pre-trial investigation was later stopped for some unexplicable reason.

Sergei—one of the leaders of the Narva grouping—has already been killed and buried at the Rügikula cemetery. Threatening clouds are also gathering over the head of Anton—another local 'authority.' He was shot at from a Koloshnikov, but only slightly wounded.

Several people well-known to the East Virumaa underworld have simply disappeared and even their best friends do not know where they are. "We don't know whether they have been killed, or went into hiding on their own," the criminal police said.

Up until now, the Jõhvi and the Narva groupings sent part of the 'protection money' collected from local businesses to St. Petersburg. Now, this contribution is apparently going to be collected from Tallinn. The territories have been divided? East Virumaa is going to be run by men linked to Yekaterinburg (former Sverdlovsk)?

"The 'metal road' from Russia to the West goes through East Virumaa, and controlling it is considered to be a significant feat," said one person well versed in the workings of the underworld. *** The local criminal police, the Central Criminal Police, and Defense Police have all been trying to solve the riddle of East Virumaa's 'bloody autumn.' All of them have been acting separately, concealing information from each other, and without coordinating their operations. Obviously, this

has created a sense of mistrust. Last Friday, Interior Minister Lagle Parek told PAEVALEHT: "To restore order in East Virumaa, we have to create a joint group that will coordinate the work of different structures. Existing forces would have to be joined and, if necessary, new ones brought in from the outside."

But it is not only a matter of coordinating the efforts between the criminal police and Defense Police forces. The investigators of the Central Bureau of Investigation only have a 200 liter gasoline allowance a month, and the range of the telephone on the desk of chief Ivan Razumnyi is limited to the district...

"Why don't we use mobile telephones? Who would give us that," Razumnyi dismissed with a shrug.

The attitude to East Virumaa's 'bloody autumn' should not be reduced to: What harm is there in mutual killings going on in the underworld? The constant sounds of pistol shots and rounds from automatic weapons deepen the fear in all law-abiding citizens which, in the not so stable East Virumaa, is doubly dangerous.

Tallinn Becomes Way Station For Narcotics

944K0340B Tallinn PAEVALEHT in Estonian
28 Oct 93 p 6

[Article by Toomas Sildam: "Tallinn Is Way Station on 'Narcotics Road'"]

Biggest Stash of Marijuana Ever Caught in Estonia Was Burned Yesterday

[Text]

First Reference to Marijuana

In the latter part of May, 1992, a Defense Police [Kaitsepolitsei] officer from the department combating terrorism and narcotics trade, received a tip that a channels were being cleared for sending a large amount of marijuana to the Scandinavian countries, through Estonia.

"First we knew next to nothing. Not where the marijuana was to come from, how it would get to Estonia, nor what country it would be sent to... And, naturally, we had no data that would have enabled us to identify the narcotics dealers," Defense Police officers told PAEVALEHT.

After some inquiries, a conclusion was reached that efforts should be centered on the Tallinn Officers' House for the Russian army.

"There, one could run into people who sold small quantities of marijuana on the black market," one officer of Defense Police said. "Some of them were talking about a large shipment of narcotics going to Scandinavia, through Estonia."

Suleiman Changes Cars

The Defense Police started looking for people who might be linked to Central Asia. This is where the 'narcotics roads' to Western Europe start, that go through Estonia.

"We checked out dozens of people. We did it quietly, so as not to draw attention or scare anyone," recall the men who participated in this operation. "Most of those who had interested us first, were soon dismissed."

Officers of Defense Police got more and more interested in 29-year old Suleiman Dungurov. The man—a Chechen national—arrived in Tallinn before the Olympic regatta, married a local Russian woman here, and was a simple worker at a factory for a while. Then he quit his job.

"The man passed himself for a plain, unemployed person, but suddenly he 'acquired' a car. A little later, he changed cars and became the owner of a 'long zero-nine'. Dungurov was a fascinating find for us," the officers of Defense Police admitted.

They checked out Dungurov's connections both in and outside of Estonia. These turned out to be interesting.

Unexpected Trip To Bishkek

In August of 1992, the man disappeared. "We checked all possible leads, but nobody knew where he took off to and why," one officer of Defense Police said.

When you search in earnest, nothing will remain hidden. So, it was found out that Suleiman Dungurov had flown to Bishkek, via St. Petersburg.

A few weeks later, he was back in Tallinn. This time, not alone, but along with a young man, roughly 25-years old.

We dropped all other leads, and stuck to Dungurov and his unknown companion. It was clear that they were the ones linked to the attempt of shipping a large amount of marijuana to Scandinavia," the officers of Defense Police said.

"True, at that point we did not have any proof that would stand up in court. But we did find out that the men coming from Bishkek 'brought something along' and that they are looking for channels to the West."

"Specialists on the staff of Defense Police checked the stairway at where Dungurov lived, and behind the door of his apartment. Air samples were taken from there, which showed that marijuana is being, or has been stored nearby.

'Guest' From Finland Not Waiting Around

Unexpectedly, Defense Police was contacted by their Finnish colleagues. They informed Tallinn that, one day in September, a Finn is going to arrive here on the hydroplane, who will meet up with a person at the Statoil

Station near the Town Hall, from whom he will receive a small amount of marijuana, and go right back to Helsinki.

It was clear that this was a case of a 'test traveler' sent to take a 'sample purchase' back to Finland, before shipment of a larger amount would be arranged. Finland has become a transit country for illegal drug trade, from where narcotic substances coming from Estonia or Russia are sent to Sweden, other Scandinavian countries, and beyond.

On the day designated, concealed surveillance was arranged for the immediate vicinity of the gas station. The Defense Police witnessed how Dungurov, along with his companions, got into the car near his home, and started driving toward the Town Hall.

At the same time, a man looking like a foreigner, and coming from the direction of the port, arrived at the gas station. He was obviously waiting for someone, but tried to leave the impression of an ordinary citizen. Was that the narcotics dealer from Finland? One of the officers of Defense Police stepped up to him asked for the time of day, in Russian. The stranger then started waving his arms and trying to explain something, in Finnish.

Then, something unexpected happened. Dungurov, along with his companions, was stuck in traffic that made him late for his rendezvous at Statoil. People dealing in narcotics never take excessive risks, and the Finn who was walking around the Statoil station, looked at his watch a few times, shrugged his shoulders with irritation, and walked back toward the port. He took the first hydroplane back to Helsinki.

Marijuana Was Worth 4.3 Million FIM

"We were sure that the marijuana to be given to the Finn as a 'test sample' was in Dungurov's car. There was no point waiting any longer, and we started acting openly," officers of Defense Police said.

Suleiman Dungurov and his unknown companion were stopped professionally—their car was blocked on a street of Tallinn, just a few hundred meters before the Statoil gas station. Half a pound of high-quality marijuana was found in the car.

Several searches followed, until 16 kilograms of narcotic substance was discovered in Dungurov's garage. About a year ago, this would have been worth 4.3 million FIM's (Finnish Marks).

Also revealed was the identity of Dungurov's mysterious companion. The 27-year old Alik Israfilov of Dagestan had, up until recently, been arranging shipments of marijuana from Bishkek to St. Petersburg, making use of Aeroflot passenger planes. Criminal tracking units from St. Petersburg caught up with him and this route had to be abandoned," officers of Defense Police said. "It was then Israfilov turned to Tallinn." (His stay in Estonia was illegal).

How did the Finnish narcotics dealer happen to take an interest in Dungurov and Israfilov? "This we do not want to talk about. They had heard of each other, and that's it. And that's about all we can tell you," the Defense Police said, protecting the secrets between them and their Finnish colleagues.

In case Dungurov and Israfilov had managed to ship the confiscated marijuana to Finland, they would have made 3.75 million Estonian kroons between them. "They had something worth risking for," said one of the officers of Defense Police ironically.

Bomb Made For Defense Police

The court decision on Dungurov and Israfilov was made public on June 21 of this year. Both men were sentenced to three years of prison. The hearing was held behind closed doors.

On June 20, at 23:45, a home-made bomb exploded behind the apartment door of an officer of Defense Police, who had been actively involved in catching Dungurov and Israfilov. The powerful explosion tore up the doors of the elevator and of all nearby apartments. Bomb fragments went through several rooms. The police officer, who was having a drink of water next to the kitchen sink, his wife and his children were fortunately not hurt.

"I cannot say that the explosion was linked to that marijuana bust, because I have no proof to back up such an allegation," said the officer of Defense Police who survived the 'bomb attack'. "I do recall, however, that it happened only a few hours before the court case on Dunguro and Israfilov was wrapped up."

The man is certain that those who blew up the bomb behind his door will be found. "Sooner or later, we will find them," he said.

Marijuana Burns Like Coal

The 15 kilograms and 888 grams of marijuana, discovered in Dungurov's garage last September, was burned in an abandoned quarry near Tallinn, yesterday.

The grey cubes of marijuana, packed in sealed plastic bags, were weighed once more, placed in one heap, doused with gasoline and...

"Hey guys, does anyone have a match? Or a lighter?" one of the officers of Defense Police asked. After a little scrambling, a lighter was produced and, at 14.43, close to 16 kilograms of marijuana went up in flames.

"Looking at this photograph would make an addict cry," thought the officers of Defense Police assigned to combating terrorism and drug trade.

Marijuana burns like coal—with a bright flame, producing black smoke.

Five officers of Defense Police were stoking the fire with sticks. Within an hour and a half, the cubes of marijuana were turned into lumps of coal emitting white, dense smoke.

Thus, 'goods' worth close to 10 million Estonian kroons were destroyed. On the Tallinn 'black market' a gram of marijuana sells for \$5. In Helsinki, it is more than 10 times that much.

Economics Ministry Advisor Sees Need For Better Economic Policy

944K0287A Tallinn *ARIPAEV In Estonian No 124*,
3 Nov 93 p 9

[Article signed with initials T & T: "Estonia Is Missing a Proper Economic Strategy."]

[Text] Estonia does not have the right parties or influential groups that represent different interests in the body politic. Therefore, the development of long-term economic policy is left to the officials, and experts of the Ministry of Economics.

During the two years of independence, the fundamental structure of the State has been created: the currency, the constitution, the parliament, and the parliamentary government. Some of the new structural components are still strictly formalities. For example, there are the tax laws and the bureau of internal revenue, but in spite of this, one fourth of the profits of the national economy remains untaxed.

The political parties are mainly mouthpieces of the leadership; because they do not have a large membership, they lack presentability. Similar is the situation of the special interest groups such as agriculture, industry, the economic situation in general—the representation does not possess a broad base to lean on, nor common goals.

Therefore it is no wonder that there is no agricultural or industrial policy, whose goals would project into the future. Estonia lacks an economic strategy.

The Governments Have a Political Program

The only complete conception of the economy was the IME [Independent Economic Plan for Estonia] Program of the Perestroika time, asserted the Vice-Chancellor of the Ministry of Economics, Peeter Tohver. Everything else, including the economic programs of the three governments, has been hastily assembled as a result of brainstorming by small groups. These may be acceptable as a political program, but not as long term economic strategy of the State.

Tohver has begun to have serious doubts also about the capabilities of the politicians and the unions of the economic section. For an example, he presented a meeting with the representatives of agriculture, who demanded low interest loans, restrictions on imports, and support of [subsidies for] production.

Actually, it has to be decided, whether food products will be produced for home or foreign market. A decision has to be made, whether the size of a farmland able to compete should be over 150 hectares, or will the farmlands be divided into tiny farms the size of a couple of hectares. Here the decision is left to the politicians, but the Ministry must develop alternative programs.

Tohver believes that the only solution would be to combine all the powers for creating the economic strategy under the Ministry of Economy, leaving to it also the task of putting the strategy to work in practice.

The first work-group [task force] has already been formed under the leadership of Tohver, its assignment being to gather necessary information and setting of the goals.

Dangerous Neo-Sovietism

Representative of the Unity/Coalition Party, academician Endel Lippmaa, however, is completely opposed to such action by the Ministry. It is his belief that the [business] firms and the market will by themselves take care of the marketing economy. It is impossible to imagine, that the central Ministry could do this for the firms; this would clearly be neo-sovietism, said Lippmaa.

Authorities Reacting Slow to Crime Wave

94P50055A Stockholm *DAGENS NYHETER*
in Swedish 21 Nov 93 p 11

[Article by Mert Kabu: "Gangster War in Estonia"]

[Text] The number of murders in Estonia committed during the first 10 months of this year has increased by 47 percent, compared with the same period in 1992. Altogether a total of 273 persons have been murdered. The number of robberies has likewise gone up by 37 percent. At the same time, the number of rapes has almost doubled. On the other hand, thefts have gone down by 18 percent. But the total was enough: 22,525 thefts in 10 months.

It is assumed that part of the explanation for reduced thefts is that people have gotten better locks, and often double doors. But also because there is less confidence in the police, so that people no longer even bother to report crimes.

"Historically, the proportion of serious crimes has increased in all countries where social and economic systems have been replaced," says Juri Lillemaa of the Estonian National Police to *DAGENS NYHETER*.

Estonia has currently around 5,000 police. Most are young and lack training. A police patrolman earns only 600 Estonian kroons a month (roughly 375 Swedish kroner), and a criminal 1,000 kroons (approximately 625 Swedish kroner). Therefore, corruption is a big problem.

"Unfortunately, we have started to do something about this far too late," says Lillemaa.

[Lately] a brutal gangster war is raging in Estonia. People are being murdered in broad daylight. Some 50 automobiles, including two police cars, have been blown in the air. Shop owners and businessmen are uneasy. Criminal gangs are forcing them to pay "protection" money.

If someone refuses to pay, the extortioner destroys his business property and the owner's family is threatened with reprisals.

This fall, competing gangs have murdered some 50 individuals in Estonia. There have been actions of pure vengeance, mainly in Tallinn and in northeast Estonia. Around 20 homicides have been committed in the Narva area and in the mining town Kohtla-Järve. The murders are conducted roughly in the same manner as in Chicago of the 1920s. The perpetrators wait in ambush. A few salvoes are fired on the victim with a Kalashnikov. The murderer's car then speeds off in the night. No one dares to have seen anything.

In Tallinn such an execution took place in broad daylight at a filling station.

Estonian authorities are shaken. So far only an extremely few have been arrested for gang-style murders. None of the perpetrators behind the car bombings have been arrested. Last Sunday [14 November], a police car and two other cars parked in front of the police station in the suburb of Kadriorg in Tallinn were blown up with trotyl. Two policemen inside their offices were injured, one of them seriously. All the windows were blown out by the detonation.

A couple of weeks ago, a Cadillac was blown up in Tallinn. This occurred in the middle of the day. An Armenian was sitting in the car. Officially he was a flower seller. According to police, he was in fact one of the biggest drug dealers in the city. He died in the hospital.

Why are the gangs in Estonia murdering each other's members? According to the police, this is happening when competitors trespass on another gang's geographical area of operations.

Extortion Common

The most common crimes the gangs devote themselves to is extortion against businesses, trading in stolen metals and selling drugs to users in the West, and even to earn a bit of money from the increasingly flourishing prostitution. Currently some 20 brothels are openly operating in Tallinn.

A very common method of carrying out extortion follows this scenario: A splendid looking BMW parks outside the newly-opened business. Out climb two gentlemen dressed in suits, each carrying an attache case. Behind them stop a Lada. Out of the latter stroll four "gorillas." They are easy to recognize, since they wear nearly always

the same clothing: leather jacket, sweat suite and jogging shoes. Their hair is also cut in the same fashion, a square on top of the head. Therefore the Estonians call them "square heads" [kantpead].

The pair in business suits ask to speak with the boss. They say: "We come from a recently started guard business and are offering protection."

This "protection" as a rule costs from 10 to 15 percent of the turnover. If the owner refuses, they thank him politely and drive away. A few nights later all the shop's windows are broken and a burning gasoline bottle is thrown inside.

The procession then again returns.

"We've heard that you have had some trouble..." says the business-suit clad individual.

Russian Extortioners

In Tallinn some business owners threatened with extortion organized themselves and prevailed upon the police to arrest the gang. The extortioners turned out to be a group of Russians around the age of 25. Among other things, they had forced a company to give them two BMWs. Other companies paid a significant sum each month for "security."

Many companies now maintain small private armies. Often a group of armed Defense League men are hired, or one of the many more serious guard companies which have started in Tallinn are engaged.

But hundreds of shops, restaurants and factory owners are today being forced to pay for "guarding" to some criminal gang.

Another very profitable enterprise is trading in stolen metals. This often involves nickel, copper and iron. Metal scrap is smuggled from Russia over the border to the Baltics. In eastern Estonia, according to reliable reports, there are secret warehouses full of metals. The scrap metal is sold and taken to Tallinn, from where it is shipped to the West, including Sweden.

There are no obstacles to bringing in metals and scrap metal to Sweden. Only a bill of lading is required to be shown. The amount paid for this is nominal. For Swedish customs officials it is almost impossible to find out if the scrap metal has come from a stolen hoard or not.

Right now, for example, an investigation is being carried out in Estonia regarding a large shipment of nickel. One night in early November the police and Defense League were waiting in ambush on the highway to Narva. A truck filled with nickel was stopped. One of the owners of the nickel scrap turned out to be a Swedish citizen.

Murder for Hire

A few months earlier this year, 13 "scrap dealers" were assassinated. The murders were in great likelihood jobs

for hire. The police believe the perpetrators came from Russia. They carried out the job and disappeared back across the border before the bodies had been found buried in some shallow graves in the woods or in some lake.

The most well-known "scrap dealer" in Estonia is a woman. She is Tiit Silves, who was previously a mathematics teacher and is now enormously rich. She has been interviewed in one of the [most] popular television programs in Estonia, and told that she has gotten tired of buying clothes in Paris. She now prefers Beverly Hills, and sometimes Stockholm. She has appointed the last KGB chief in Estonia, now a retired general, as her closest assistant. Her villa is guarded day and night by a small private army. Mrs. Silves says she is busying herself only with honorable metal deals. "The scrap" comes from Russia.

What is the Estonian government going to do about the crime situation? The police are being promised better weapons.

"But this is not enough. The citizens must organize themselves and become armed," says Interior Minister Lagne Parek, who not too long ago herself sat imprisoned as one of the Soviet Union's last political prisoners.

Finnish Adviser Assesses Military Developments

944K0341A Helsinki HUFVUDSTADSBLADET
in Swedish 4 Nov 93 p 8

[Article by Erik Appel: "Estonian Military in Children's Shoes"]

[Excerpts] The Estonian military is marching in children's shoes. The shortages are great and numerous, but it must make use of the time offered by the dissolution of the Soviet Union to build up a military threshold that will make a prospective aggressor stop and think. [passage omitted]

But the human resources are good—although the state of their health is a notch lower than here at home. They are extremely enthusiastic about learning to defend their country.

This was stated by former cadet school chief Colonel Matti Lukkari, who has been a military adviser to our southern neighbors for half a year, to attentive members of the IR 61 Infantry Regiment on Marttinen Evening at the Technical Association in Helsinki.

Ten Years

Lukkari estimates that at the present rate it will take about 10 years before Estonia has a credible defense that will make a prospective attacker stop and think before crossing the "threshold."

Estonia must utilize the time offered by the chaos that has followed the dissolution of the Soviet Union.

Five Armies

The situation has also been confusing on the Estonian side. It could be said that there have been no fewer than five armies there. The Russian Army once had over 120,000 men, but is now a greatly demoralized force of about 4,000 men. The so-called Intermovement had its own militia equipped with Russian weapons. It was this group that forced its way into Toompea and cut off government buildings but then it, in turn, was isolated by tens of thousands of civilians who came out following a dramatic radio speech to the people by Edgar Savisaar.

At the same time this happened, a militia captain stood up on a bench and asked everyone who was interested to form a home guard, the Kodukaitse, which later became the frontier guard. The old defense corps called Kaitseliit was resurrected and when its chief left it, he formed the controversial Pullapaa Company, in something of an outright revolt.

Col. Lukkari took aim at this company, calling its men the "worst soldiers in the world," long-haired, undisciplined, some with ponytails, rings in their ears, and rap sheets.

Inductees or Professional Army?

And last but not least there is the country's own military, founded on 3 September 1991. It is this military that Col. Lukkari and two other Finnish officers are trying to whip into shape, and this is not the easiest task in the world. Sometimes it seems hopeless. He could have chosen quieter pursuits in his retirement years with golf and such, but then there will be a breakthrough and it all seems meaningful once again.

Originally there were seven Finns, but the arms deals with the Israelis put such a large hole in the budget that the others had to go.

"At 1,000 markkas a month we were obviously too expensive. The arms deals were made by the politicians, bypassing the military. The agent got rich on the deal, but it is doubtful that the deal was successful from the military point of view. Now the Russian Kalashnikov is being replaced by the U.S. assault rifle, which is not fully suited to Estonian conditions," Lukkari said.

"A small country with a small army should take its weapons from its prospective enemy."

One serious problem in the Estonian military is that it has not yet decided whether it will be an army of inductees or a professional army. The military commander, Vietnam veteran Alexander Einseln, is hesitant. Lukkari, on the other hand, is not. An army of inductees is the only way for a small nation to go. For now, the military is based on inductees who serve for a year. Students are exempt, however, so that an important part of the prospective officer's material is lost. Due to lack of funding, only half the contingent of inductees is placed for actual military service. Some are sent to the frontier

guards where they receive six weeks of military training. The rest go to the police and other civilian assignments.

Concrete in Sewers

As the Russians were leaving the country, they sacked and plundered the bases. Among other things, they filled the sewers with concrete. Putting these facilities back in operating condition will require money from an already strained budget. But the human resources are good and the young ones, in particular, are anxious to learn the art of defense. Know-how among officers, on the other hand, is greatly lacking. A reserve officers' school is one of the things Col. Lukkari wants.

The officers are willing to learn, however, except the older ones who were trained in the old Red Army. They believe the Finnish Army has nothing to teach them.

No More Dangerous Than Helsinki

There are also several thousand retired Russian officers in the country and they all have weapons at home. They are a significant risk factor, according to Lukkari.

The older generation of Estonians are still greatly influenced by the old Soviet system. The young people, on the other hand, are more advanced. It is primarily they who are putting life into business life.

LATVIA

Prime Minister on Latvia's Foreign and Security Policy

944K0227A Riga V SAEIME I KABINETE
MINISTROV in Russian No 19, 3 Nov 93

[Speech presented by Latvian Republic Prime Minister Valdis Birkavsa at the Swedish Institute of International Relations on 15 October 1993: "Principle Orientation of the Foreign Policy and Security Policy of Latvia"]

[Text]

1. Latvia—a European state

I would like to begin my presentation with the words of Vaclav Klaus: "All we know is that we want to become a normal European state as quickly as possible."

We may join in such a position held by the prime minister of Czechia, since it coincides with what has been adopted as the basic principle of our domestic and foreign policy. The primary goal of our foreign policy is integration into Europe and into its processes. We want to develop and expand ties with the countries of the European Community and with the European Community itself as the primary body which implements the policy of integration of Europe. Merely by participating in European integration, we will be able to influence the continued development of Europe.

There are also other priorities subordinated to this super-task: The intensification and expansion of cooperation of the Baltic states; cooperation with the countries of Northern Europe, as well as with other countries which are part of the Union of Baltic States; cooperation with the new democratic countries of Eastern Europe and the adoption of the positive experience they have accumulated in creating a market economy, and formation of mutual relations with Russia, Ukraine and other CIS countries on the basis of mutual respect of independence and sovereignty. Relations with neighboring countries must be built on principles of equal rights, which would serve as the foundation for stable and mutually acceptable economic relations, etc.

2. Structural problems of our foreign policy and security policy

Our foreign policy, our security policy and, if you will, our Eastern policy have been formulated (and unfortunately are still being formulated to this day) under the influence of three equally significant problems. These are, first of all, historical legacy, especially the Hitler-Stalin Pact, World War II and the 50 years of Soviet occupation following it; secondly, the military might of our closest and more distant neighbors; thirdly, the moral and political problems which have existed for over two years now regarding the establishment of an equilibrium in the security vacuum which has been created.

In this connection, it is necessary to weigh the problem of neutrality of our foreign policy. Perhaps the strategy of survival of our state and our people ultimately comes down to a neutral state. This, evidently, would be the best and most attractive provision of national existence and strategy for co-existence of the peoples of Eastern Europe.

However, the Latvian state has historical experience in implementing the policy of neutrality. The Latvian emigre writer Ayvar Rungis, quite justifiably, wrote about this as follows: "In order to be able to implement a policy of neutrality in the period between the two world wars, the representatives of our people and our state were too sentimental and too loyally set in regard to absolute neutrality. The assumption that absolute neutrality is a magical substance which acts on its own turned out to be erroneous."

On 12 September 1934, an treaty on mutual understanding and cooperation between Latvia, Lithuania and Estonia was signed in Geneva. In part, it was devised so that others would also respect this neutrality. However, this treaty proved to have little effect. Both the form of the alliance—the Latvian Union, and the content of the alliance—only a pact on political consultations without a trilateral agreement on mutual aid and a military-political union—all this defined the structural weakness of the Baltic Entente.

The lessons of the past have introduced significant correctives into our foreign political thinking, and neutrality can no longer play the decisive role in our conceptions, since the security of any European state is tied with the security of other countries. Therefore, a contribution to stability on the European continent is at the same time also a contribution to the security of our state.

We see also that the traditional formula of "security through neutrality and independence" is more and more often being replaced by the formula, "security through cooperation." Security consists not so much of the formula "one against the other," as of the formula "one with the other." Therefore, neutrality cannot be an obstacle to the policy of integration and cooperation. This is the essence of our position, which was developed on the basis of observation and analysis of the development of events in recent years in Europe and in the world.

3. The road to expanded architecture of European security: The place of the USA, NATO and other international organizations and the initiative in understanding Latvia's security policy

3.1. The USA

It is evidently clear to every sober-minded politician that on the relatively unstable European continent, political equilibrium may be preserved through closest possible cooperation with the USA. By equilibrium I mean here the cooperative partnership in Europe. In my opinion, it is specifically the USA which plays an important role in this process within the framework of collective defense (i.e., NATO). However, the function of a sort of coordinating "bridge" in the "spaces" of the CSCE [Council for Security and Cooperation in Europe] and the Council for Cooperation of the NATO Countries (NACC), where the USA could use all its experience and influence, is also important.

One of the goals of security policy announced by the USA—the transformation of NATO from a defensive union into an effective union for resolving political and military crises—gives hope for the fact that in the aspect of security the situation may also clear up in our region and, most importantly, become stabilized.

3.2. NATO and the NACC

Recently, unforeseen events in Russia, as well as the unclear situation in the sphere of security policy in Eastern Europe, have given rise to the natural desire by Latvia to obtain certain guarantees of its security. Latvia believes that such guarantees may be found in the initiative proposed by France regarding stability in Europe within the framework of the CSCE, as well as in cooperation with the Western European Union, the North Atlantic Council for Cooperation (NACC) and NATO.

The possible participation of Latvia in NATO is our desire. This was announced by President G. Ulmanis at

the press conference on 11 October. However, the decisive factor in this question will be the position which NATO assumes.

Therefore, the time when we will be able to enter NATO, as well as the nature of the mechanism of this entry, will become clear in the course of further discussions between NATO and Latvia regarding the future of mutual relations.

Speaking of the NACC, we would like to note that this agency represents one of the so-called "conference bodies," which is helping to create trust between various countries and at the same time serves as a bridge between NATO and the rest of the world. However, it is no secret that specifically this model of activity—the conference—is the reason for the insufficient effectiveness of this body. However, in our opinion, the capacities of the NACC have not yet been exhausted. We should think about creating regional interest groups within the framework of this organization. We must try to develop forms of cooperation, if this is generally possible, with the CSCE and the Western European Union (WEU).

3.3. The WEU

In our opinion, the advantage of this union is its connection with the European community, since in solving international problems, we cannot limit ourselves merely to military measures. For Latvia as a participant in the consultative forum of the Western European Union, it is very important that this body ensures the political and economic aspects of cooperation. The position postulated in the Maastricht Treaty, that the WEU will create the basis for an independent European defense organization which is at the same time also the "support of NATO in Europe," nevertheless forces us to seek an answer to the following question: Will the independence of Europe in the sphere of security be strengthened if countries which are not members of NATO enter into the WEU while remaining outside the limits of NATO? In our view, this would be very problematic. At the same time, Latvia, as well as the other countries of Central and Eastern Europe, hopes that it will be possible to change its status in this organization—from the status of a partner in consultation to the status of a partner in cooperation, and that in the future the Western European Union itself will become stronger.

3.4. The CSCE

The CSCE is the second system of "organizations for conference." However, considerable experience has been accumulated here, and measures which are directed at arms control and strengthening trust between countries have great significance here. The purpose of the CSCE was and still is to create an architecture of security for all of Europe, a unique system of ensuring peace on the continent. As we know, in this aspect the CSCE functions in the case when the conflicting sides are ready for compromise and alignment of interests. However, the CSCE lacks the necessary preliminary conditions in

order to act on its territory as a system of collective security. One of the significant shortcomings of this organization, in our opinion, is the fact that its instruments and mechanisms are limited in conflict and quasi-conflict situations, and it cannot propose anything other than mediation and kindly services. Only in the case where it is possible to achieve the introduction of the formula of "consensus minus one" and the creation of a sort of CSCE Security Council or some similar body (the name here is not important) in which, perhaps, decrees on the implementation of measures could be adopted by a majority of votes, so as to eliminate the violation of CSCE standards and the standards of international law—only then would some movement in this direction be possible. However, evidently the time for this has not yet come.

At the same time, we have high esteem for what the CSCE has done in Eastern Europe, when it assumed the arduous and difficult mission of transforming the specific needs of post-socialist states into a definite program of reforms, within the framework of which existing structures and those potentially fraught with numerous conflicts are brought together and a gradual formation of democratic and political culture in these countries is maintained.

3.5. Pact on stability in Europe

We believe that the interest of Latvia in this project depends on how the contentual part of this pact is developed. It is acceptable to us that the main task of this pact is for it to become yet another means of preventive diplomacy on a European scale. However, in no instance must it turn into a duplication of the CSCE, with all the problems stemming from this. In no case does Latvia want to find itself outside of this important process.

In concluding this section, I would like to emphasize once again that our policy has definite capacities and limits for attainment of its political goals and for solution of regional tasks and problems. This stems to a significant degree from our geopolitical parameters. In analyzing these aspects, I would like to stress only one question: To what degree other countries and international organizations will want or be able to actively participate in the solution of the problems and tasks existing in the Baltic space. Moreover, in such a manner that these solutions may satisfy all the subjects.

4. Approaching the end of my presentation, I would like to touch upon the question of the current state of relations between Latvia and Russia, which lie at the root of all our problems.

The invariable desire of the Latvian side in its mutual relations with Russia is to achieve respect for total mutual sovereignty and to maintain the broadest and most mutually expedient economic relations between both countries. Today, neither one nor the other is being realized.

A sort of conflict of interests may clearly be seen in the relations between Latvia and Russia.

Of what do these interests consist, which have so strongly clashed today?

In the case of Latvia, there is no well-developed formulation of national interests in all their multiplicity. This is explained by the fact that the actual restoration of the state has been dragged out. Today we may speak of the main interests which, in the opinion of Hans Morgenthau, consist of protecting the physical, political and cultural integrity as the basic condition for survival of the nation, and consequently also the people. Moreover, at the current phase of development the main and specific interest is the restoration, and consequently also the creation, of Latvia as a state which would correspond to the concept of a subject of international law in the full sense of this word, and at the same time the implementation of significant changes in the economy, administration and legal provision. This means that there must also be forces which will be able to realize this. As we know, the potential of any state is defined by the specific components of geographic position and natural resources, the industrial, military and demographic level of development, the national character and national morals, as well as the quality of administration of the state and diplomacy. Here it would be excessive to point out that for objective reasons, all that must comprise the basis of Latvia's potential lags far behind those criteria which are inherent in a normal state, with the possible exception of geographic position, although in a certain historical context it is specifically this circumstance which defined the unfriendly relations of neighboring powers toward us. In the case of Russia, we are speaking of retaining geopolitical (perhaps, non-military-strategic) control in the Baltic states. I will allow myself to quote one of the documents of Russian politicians created in the middle of last year:

"With the change in the geopolitical picture in the region under new historical conditions... only the methods of ensuring our state interests in the Baltic may change, but not the interests themselves. The vital trade routes from Russia to Europe, as before, pass through the Baltic ports. Production is concentrated here which presents an integral part of the former unified national-economic complex of the USSR, while the number of the population ethnically tied with Russia (it is tied with Russia also economically and demographically) has significantly increased in the post-war years."

A different, entirely fresh, prognosis belongs to the chief executive editor of the newspaper KOMSOMOLSKAYA PRAVDA, Vladimir Sumgorkin. In the 9 October 1993 issue of this newspaper, he writes: "I would risk expressing an unpopular thought: Russia is doomed to once again pass through the era of authoritarianism if it wants to remain a great power. And this era is beginning now. Not one state in history has yet successfully been able to realize reforms during a time of general flourishing of democracy, which we have observed in Russia

beginning in 1985. Ivan Kalita, Ivan the Terrible, Peter the Great and Stolypin were simply no good as democrats. Yet it was specifically during the time of these leaders that Russia became Russia and realized outstanding achievements in its thousand-year history."

It is difficult to judge whether this prognosis is entirely correct. However, there are nevertheless grounds for concern regarding such a possible development of events.

We may ask the rhetorical question in the spirit of A. Rungis, whom we have already mentioned: "To what degree is the historical heritage—Russia's fear of an attack from the direction of von Plettenberg, Napoleon or Hitler—justified or unjustified (not evaluating the political consequences of these attacks from the standpoint of Latvia for the time being)? How 'lawful' was the 'right' created by these countries to destroy the military and political independence of its neighbors, subordinating them to its unequivocal control?"

However, we will hope that there is no single, partly hypothetical, interest of Russia in the Baltic. In Russia, just as in the countries of the West, there are two different political orientations: The liberal and the "organic." The first stresses the creation of a civil society, while the second gives preference to "roots"—the uniqueness of the nation, its mission, etc. To what degree each orientation is represented in each specific case depends on numerous and varied factors.

Therefore, we believe that the desire for stability and security signifies also that we must cooperate more with Russia, including especially also with "near-by" Russia. In our case, this is Pskov Oblast. We must develop a sort of program of measures for strengthening trust in the economic, cultural and other spheres.

And finally: The main thing that we must do is to develop a realistic and realizable foreign policy concept. The time of ossified doctrines has passed. The idea that we have selected a model based on these principle guidelines does not mean that we could not use different models in another situation. Nevertheless, real foreign policy cannot be based on many variants at the same time.

We are faced with many difficult and complex, and at times it seems even insoluble, problems, including also in foreign policy and security policy. Here I would like to agree with the opinion expressed by the first president of modern-day Israel, Heim Weitzman, who expressed on the basis of his accumulated life experience: "To solve complex problems, you need a lot of time. To solve impossible problems, you need a little more of it."

Thank you for your attention!

LITHUANIA

Lithuania Looks to Economic Cooperation with Germany

944K0288A Vilnius TIESA in Lithuanian 5 Nov 93 p 6

[Article by ELTA: "Hans—Jonas' Friend—Germany Is Becoming Lithuania's Chief Economic Partner"]

[Text] The closest and, according to its economic potential, the most powerful neighbor of Lithuania is Germany. Lithuania is interested in the closest possible cooperation with this state, and Germany is not hiding its specific interest in the cooperation with Lithuania. However, Germany is not as much interested in Lithuania's market, which is not capacious, as in the possibility of getting into the market of the states of the former USSR and, in particular, of Russia by way of Lithuania.

According to the data made available by Lithuania's Ministry of Industry and Trade, the circulation of commodities between Lithuania and Germany 1890-1992 amounted to 190.4 million German marks (which constitutes 10.79 percent of Lithuania's general circulation of commodities). Of this sum, 53.4 million German marks (7.52 percent of Lithuania's total imports) were spent for importing goods into Lithuania, and 137 million German marks were received for exports to Germany (almost 13 percent of Lithuania's total exports). Thus in 1992 Germany has established itself in the second place after Russia as an importer of goods into Lithuania and in the third place after Poland and the Ukraine as a country exporting to Lithuania. Lithuania maintained these positions also in the first half of this year, and in regard to the exports of food products, textiles, footwear and means of transport, Lithuania occupies the first place among the other states.

During the first half of this year, the volume of Lithuania's exports to Germany has not increased much. According to these indices, some other countries, neighbors of Lithuania—Poland and Belarus—have caught up with Germany, and the volume of Lithuania's exports to Latvia has exceeded that to Germany. On the other hand, the list of Lithuania's exports to Germany, including industry products, lumber and wood, agricultural products, metals and their products. Experts at the Ministry of Industry and Trade consider as a good sign the fact that the unprestigious reexport of raw materials to Germany has considerably diminished. At the same time, the export of textile articles, machinery and equipment has gone up.

However, exports to Germany are still less than imports from it. During the first half of this year Lithuania had a negative balance of trade in German marks in its trade with Germany. Experts at the Ministry of Industry and Trade consider a further increase of that balance completely undesirable for both sides.

Experts at the Ministry of Industry and Trade believe that one and a half years of trade between Lithuania and Germany will be enough to establish a stable and mutually beneficial relationship.

Germany are not a sufficient period for making serious generalizations, yet they look forward to stable exports of mineral fertilizer, textile articles, lumber, machinery and equipment, and some food and cattle-breeding products. Prospects are good for Lithuania to export to Germany certain building materials, tools, paper and cardboard products, as well as simple parts for Germany's machinery production and wood and metal processing lathes. In their opinion, the outlook is slim for the resale in Germany of various raw materials—metals, plastics, raw hides, unrefined naphtha products, and similar items by buying them in other countries. Although the so-called reexport may be justifiable because of Lithuania's convenient geographic situation, it may bring only a short-lived success and will not contribute to the development of Lithuania's economic potential.

As for the imports from Germany, the best outlook is for technically advanced machinery, means of transportation, chemical products, footwear and some textile articles. However, these are expensive goods and much will be required in the future to maintain the trade parity between the two states.

The experts at the Ministry of Industry and Trade maintain, the economic cooperation between Lithuania and Germany does not confirm the textbook truth that intensive trade between states is also accompanied by the export of capital. Although some 400 joint enterprises with Germany have been registered in Lithuania, they are not effective and their capital is not large. This is being explained by the insufficiently stable political situation of Lithuania, the insufficiently attractive laws for the protection of capital, and also by Germany's temporary difficulties as it tries to reconstruct the East German economy.

At this time, our businessmen have presented proposals for the creation of 63 joint enterprises that would require investments totaling some 15 billion German marks. So far the reaction to these proposals has been slow, but there are no doubts that Germany will take the leading position in all areas of economic cooperation with Lithuania, especially after Russia will cease being the monopolistic supplier of power resources to Lithuania.

Increase in Addicts, Narcotics-Related Crimes Noted in Lithuania

94WD0112A Vilnius LIETUVOS RYTAS
in Lithuanian 10 Nov 93 pp 1-2

[Article by Minis Gurevicius and Ricardas Vitkus: "The Honorarium for Transportation Across the State Border is Three Dollars"]

[Text] Before yesterday, in an apartment at the Savanoriu Avenue in Vilnius, the police discovered 40 kilograms of ground poppy stems. Until now, only two more sizable caches of narcotics have been discovered in Lithuania (both this year): 60 kilograms of poppies were confiscated in the Alytus district, and 50 kilograms in Panevezys.

The black market value of the poppies (the so-called "kuchnar") discovered in Vilnius is about 10,000 litas. If they were processed at home to produce opium extract or acetylated opium, their price would jump to 80,000 litas.

An action was already brought earlier against the landlady (born in 1958) for similar matters. A man who lived with her (born in 1965) was now being sought for having committed a crime. Both are unemployed.

It is believed that the narcotics were destined not only for personal consumption but also for trade.

As it is known to the police, a trade in poppies goes on both in markets and at home. Moreover, drug addicts and traveling salesmen canvass the villages and buy up poppies very cheaply. A glassful of ground poppy pods and stems costs a couple of litas in the villages. Transported to the cities, they automatically become more expensive: in Vilnius, a glassful at present costs about 15 litas, while the gypsies, despite this year's good harvest, are asking for 25 litas. The prices will keep going up until next summer.

The police officers who are dealing with this problem maintain that the number of drug addicts and drug-related crimes has gone up sharply this year. So far no synthetic drugs have been discovered in Lithuania, although a citizen of Lithuania carrying amphetamines has been already detained in a Western country. The Olaine pharmacy plant in Latvia has been exposed this year as having secretly manufactured amphetamines, disguised as cough tablets. The drugs were transported to the West, but there are grounds for belief that a portion of them was also destined for Lithuania.

Officials of Lithuania's Ministry of the Interior took part in a seminar organized in Belgium this October for police officers of the transit countries and countries in which drugs are being manufactured. Drug problems in the post-communist countries and new directions in the battle against drugs were discussed. According to the data of the Western police, the war in former Yugoslavia has closed the drug transit routes across the Balkans, and therefore it is very likely that the new route traverses the Baltic states.

Drug couriers have already appeared in Lithuania, although they do not yet look very formidable: last week, at the Joniskis railroad station, customs officials have detained a woman who was transporting a kilogram of ground poppies to Riga. Some unknown person had paid her...three U.S. dollars for this service.

How many drug addicts are there in our country? Various sources offer different numbers. It is believed that their number is about 10,000. Registration at health centers has been abolished in 1992, and therefore one can speak only about trends. According to E. Kuznetsova, a physician at the Siauliai state hospital, the age of the people who are using hypodermic syringes without regard to consequences is getting younger and younger.

It does not depend on the physicians if someone will become a drug addict, or not. But physicians and the means at their disposal have a lot to do with the ability of returning to normal life for those addicts who want to turn their lives around. Siauliai, a city that is becoming a center not only of a district but also of a large region, lacks normal conditions for the treatment of drug addicts. The shortages are not limited to medicines. Separate facilities needed for the assistance to such people are unavailable. After receiving injections of required medicines, drug addicts at the narcological department of the Siauliai state hospital are placed in a ward together with individuals who are being treated for alcoholism. They bring poppies or other narcotic substances to the ward and inject themselves at night or on some other convenient occasion. One such case of hallucinations has frightened even the very experienced alcoholics.

Having received first aid, a drug addict requires further treatment. Since the conditions do not allow that, a patient leaves after some "minor repairs" only to return some time later after a new seizure.

The Vilnius narcological center has only a tiny section for 15 drug addicts. When E. Zevertas, chief of the Siauliai narcological department, had asked the Vilnius section to accept for treatment a drug addict from Radviliskis, he received the reply that room was unavailable. This person will now have to wait a month or longer until a place becomes available.

Three 17-year olds residing in the Siauliai district had asked the Siauliai narcological department for treatment. "What should I answer these youths," E. Kuznetsova asked. "That we are unable to offer them treatment? We would not need much: a separate space with 10 beds, medications. Calls for a battle against drug addiction are resounding from high official platforms, but everything ends with those speeches."

E. Kuznetsova mentioned that some people are taking a cure at home, with the help of the specialists from the narcological department. At present she is treating three patients this way. There are more similar requests, but only on condition of total anonymity.

The physicians point to prisons and detention centers as one of the chief sources for the spread of drug addiction.

Almost all the drug addicts with whom these physicians got in touch have started using drugs in prison or were induced by the people returning from the places of detection.

Officers at the Rekyva police station of the Siauliai police commissariat are saying that problems increase at the end of summer and the onset of the fall. As poppies become ripe, local people and visitors from other places intrude into the collective gardens for a "harvest." As many as 34 drug addicts (mostly arrivals from the Kaliningrad region) were detained there last year. This year their number has been only 10, but it does not mean

that the number of drug addicts has decreased. Not many drug addicts have arrived this year from the Kaliningrad area simply because of the difficulties in crossing the border and more expensive travel.

In most cases, both the visitors and the local poppy-seekers stop at the collective gardens for a longer time. Here they process the poppies, their pods, even the stems, and here they sleep: in cottages or greenhouses, or camping in neighboring forests.

Police officers dealing with crime told us that they have been arresting some drug addicts repeatedly. There are some who "have no more veins any longer." They inject drugs into the capillaries of the hand or simply drink them. However, it is difficult to arrest an experienced drug addict red-handed. They do not carry hypodermic syringes or narcotic substances with them.

Of all the drug addicts detained in Rekyva this year, only one woman from the Kaliningrad region has been charged. One and a half kilograms of poppies were found on her person. This 29 year old woman began using drugs at the age of 15 and now resembles a 60-year old crone. She and two residents of Siauliai, who were charged according to article 232 of the Penal Code, are awaiting trial.

A 36-year old drug addict, who has returned from prison, died in Siauliai recently.

Conservative Party To Hold December Congress

944K0345A Vilnius LITHUANIAN WEEKLY
in English No 45, 12-18 Nov 93 p 1

[Text] The Lithuanian Conservative Party, a probable hub of the country's rightist forces, is preparing for its first congress, scheduled for December 11-12. A working meeting between the party's leadership and regional branches opened on November 6, opposition MP Andrius Kubilius said at a press conference, November 8.

The Conservative Party, led by the opposition leader, Vytautas Landsbergis, has around 7,000 active members.

Decrease in Lithuanian Air Space Violations Noted

944K0345B Vilnius LITHUANIAN WEEKLY
in English No 45, 12-18 Nov 93 p 1

[Text] The number of violations of Lithuanian airspace by Russian aircraft has decreased tenfold since the Russian troops pulled out.

Colonel Zenonas Vegelevicius, Lithuanian Air Force commander, said the current rate of airspace violations is around two unsanctioned flights a day. He added, however, that imperfect Lithuanian radar equipment might not be able to detect every unwanted aircraft about Lithuanian territory.

The colonel said "minimum technical measures" against illegal flights are already available to Lithuania, but can be used "only if a political decision is made."

Lithuanian TV, Radio Pleads for Independence

944K0345C Vilnius LITHUANIAN WEEKLY
in English No 45, 12-18 Nov 93 p 1

[Text] Lithuanian TV and Radio director Laimonas Tapinas appealed to residents on the night of November 7 to support the company's desire to gain independence.

The corporation, as well as the republic's news agency, ELTA, are still owned and funded by the government. It is virtually impossible to avoid pressure from the political forces in power, Mr. Tapinas argued.

The parliament plans to debate a media bill, he said, but neither the parliamentary majority nor the opposition wants an independent TV and radio.

Mr. Tapinas favors turning the station over to public funding with a 2.0-2.5 litas (about US \$0.60) monthly fee from each family.

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